University of Alberta

Social Capital as a Tool for Microenterprise Development: A Focus on Latin America

by

Laureen Elgert ©

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Science

Centre for Health Promotion Studies

Edmonton, Alberta

Spring,2003

National Library
of Canada

Acquisitions and
Bibliographic Services

395 Wellington Street
Ottawa ON K1A 0N4
Canada

Bibliothèque nationale
du Canada

Acquisitions et
services bibliographiques

395, rue Wellington
Ottawa ON K1A 0N4
Canada

Your file Votre référence

Our file Notre référence

The author has granted a non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of this thesis in microform, paper or electronic formats.

The author retains ownership of the copyright in this thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without the author's permission.

L'auteur a accordé une licence non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de cette thèse sous la forme de microfiche/film, de reproduction sur papier ou sur format électronique.

L'auteur conserve la propriété du droit d'auteur qui protège cette thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

0-612-82271-0

Canada

University of Alberta

Library Release Form

Name of Author: Laureen Elgert

Title of Thesis: *Social Capital as a Tool for Microenterprise Development: Focus on Latin America*

Degree: *Master of Science*

Year this Degree Granted: *2003*

Permission is hereby granted to the University of Alberta Library to reproduce single copies of this thesis and to lend or sell such copies for private, scholarly or scientific research purposes only.

The author reserves all other publication and other rights in association with the copyright in the thesis, and except as herein before provided, neither the thesis nor any substantial portion thereof may be printed or otherwise reproduced in any material form whatever without the author's prior written permission.

Laureen Elgert
9846 75 Avenue
Edmonton, AB
T6E 1J1

April 11, 2003

Faculty of Graduate Studies and Research

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled, Social Capital as a Tool for Microenterprise Development: A Focus on Latin America, submitted by Laureen Elgert, in partial fulfillment of the requirements for the degree of Master of Science.

Dr. Nancy Gibson

Marion Allen

Dr. Marion Allen

Dr. Walter Kipp

9 april 2003

Date that the thesis is approved by committee

Abstract

Microenterprise development discourse has identified the goals of market success and empowerment. In working toward one or both of these goals, projects have been characterized by the identification of a series of inputs to improve project performance, including training, technological innovation and credit. The most recent input to be identified is a resource that springs from social relationships: social capital. This project explores the social capital and microenterprise literature in order to extract mutually relevant concepts and organize them into thematic categories. These categories are then explored further through two examples that illustrate how social capital can contribute to microenterprise development: a textile producer's cooperative from Ecuador and a coffee producer's cooperative from Guatemala. The findings from the literature review and the illustrative examples are integrated into a model that will facilitate a more evidence-based and critical usage of social capital in development research and practice.

Acknowledgements

I would like to acknowledge and thank several people for the support, enthusiasm and encouragement they offered to me throughout this project. Thanks to my Mom and Dad, my favorite people in the world, and to Donna Dryden for her tireless endurance of my ongoing deliberations and keen editorial eye. Also, I would like to thank my supervisor, Dr. Nancy Gibson for her confidence in me, and my committee members, Dr. Marion Allen and Dr. Walter Kipp for their valuable insight and feedback. Finally, many thanks to the members of the knitting and weaving cooperatives in Azuay for providing the inspiration for the project and to Marcelo Sabuc Xalcut for taking the time to speak with me about the experiences of the Comite Campesino Del Altiplanos.

Table of Contents

Chapter 1 An Introduction to the Concept of the Social Economy 1
Purpose of this Work 1

Chapter 2 The Debate about Microenterprise and Social Capital: Development of the Concepts 4
Introduction 4
Microenterprise 4
Structural Adjustment Policies in Latin America and the Growing Importance of Microenterprise in Development 5
Microenterprise: A means to what End? 7
Variables in the Success of Microenterprise: Human, Physical, Financial and Social Capital 9
Social Capital 14
Levels of Analysis 15
Horizontal and Vertical Relationships 16
Measurement 17
Gender 18
Sources of Social Capital 19
Cooperatives 19
Solidarity Groups 21
Family 22
Group Formation and Characteristics 23
Organic and Imposed Group Formation 24
Group Characteristics 26
Motivations for Behavior 27
Formal vs. Informal Organization 28
Resources Associated with Social Capital 29
The Importance of Social Capital to Economic Development 31

Chapter 3: The Usefulness of Social Capital to Microenterprise Development 33
Introduction 33
Financial Services 34
The Need for Financial Services 34
Barriers to Accessing Credit 35
The Contribution of Social Capital to Overcoming the Barriers 36
Information Assets 37
Trust, Norms, Influence and Sanctions 38
Features Tailored to Client Groups 40
Graduation to Other Lending Options 42

Environmental Sustainability 43
Potential Environmental Risks of Microenterprise Development 43
Social Capital and Environmental Sustainability 44
Environment, Poverty and Gender 45
Gender and Property Rights 47
Participation and Decision Making 48
Access to Markets 49
Barriers to Accessing Markets 49
Vertical Linkages 49
Marketing Intermediaries 50
Alternative Trade Organizations 52
Horizontal Linkages 53
Ethnic Identity and Solidarity 54
Empowerment 55
Income Generation and Empowerment 55
Improved Skills and Knowledge 57
Greater Voice and Participation Through Collective Action 59
Expanding the Context of Women's Activity 61
Limitations of Programs 61
Summary of Chapter 3 62

Chapter 4 Illustrative Example #1 – Evidence of 'The Social': Experiences from Ecuador 67
Introduction 67
Background on my Involvement with the Women's Cooperative 68
Description of the Cooperative 69
The Relevance of the Cooperative to Health Promotion 70
Characteristics of the Ecuadorian/Azuayan Context and Impacts on the Development and Maintenance of Social Capital 70
Race and Ethnicity 70
The Concept of Social Race 70
Social Race in Ecuador: Blanqueamiento and Ethnic Hierarchy 71
Local Understanding of Ethnicity 72
Impacts of Ethnicity and Racial Discrimination on the Development and maintenance of Social Capital 74
The Attempt to Hegemonize the Mestizaje Policy 75

The Catholic Church and the Liberation Theology Movement 77
A New Emphasis for the Church in Latin America 77
Liberation Theology and Popular Organizations in Latin America 79
The Church's Role in Building Social Capital in Azuay 79
Migration 80
A Legacy of Migration from Azuay 80
The Gender Imbalance of Migratory Labourers from Azuay 82
Other Impacts of Migration on Building and Maintaining Social Capital 83
Shifting Priorities, Viable Livelihoods, and the Divisive Impact of Growing Economic Disparities 83
Women Working Together: New Promise for Social Capital 85
Impacts of Social Capital on the Women's Cooperatives – Market Objectives 85
Increasing 'Selling Power': Getting a Better Deal through Collective Negotiation 85
Increasing the Availability of Business and Marketing Services through the Cooperatives 86
Impacts of Social Capital on the Women's Cooperatives – Empowerment Objectives 87
Social Support 87
A Greater Role in Local and Regional Development 88
Summary of Chapter 4 89

Chapter 5 Illustrative Example #2 – Evidence of Capital: Experiences in Guatemala 91
Background on Marcelo and the CCDA 91
Seeking Fair Trade Through Marketing and Advocacy Partnerships 93
Technical Assistance 94
Social Capital and the Normalization of Organic and Sustainable Techniques 96
Women's Community Bank 98
Empowerment 100
Increased Access to and Control over Resources 100
In Defense of Women's Rights: Land Ownership and Conscientization 101
The Search for Prosperity and Justice 102

Chapter 6: Final Notes 103
- *Introduction* *103*
- *The Aims of Microenterprise* *103*
- *Approaches to Microenterprise Development* *104*
- *Social Capital and Project Objectives* *105*
  - *Pooling and Organizing Transactions* *105*
  - *Recognition and Articulation of Specific Needs: Greater Responsiveness Of Products and Services* *107*
  - *Collective Identity* *108*
  - *Influence, Norms and Sanctions* *109*
  - *Access to Social Legitimization* *110*
  - *Collective Consciousness* *111*
  - *Social Resources and Development* *112*
- *Summary of Chapter 6: Reflecting on Social Capital as a Tool for Microenterprise Development* *113*

Bibliography 116

List of Tables

Table 3.1 The Usefulness of Social Capital to Developing Financial Services 64

Table 3.2 The Usefulness of Social Capital to Promoting Environmental Sustainability 64

Table 3.3 The Usefulness of Social Capital to Improving Market Position 65

Table 3.4 The Usefulness of Social Capital to Empowerment 66

List of Figures

Figure 6.1 Model for Using Social Capital as a Tool for Microenterprise Development 115

Chapter 1

An Introduction to the Concept of the Social Economy

Traditionally, economists have viewed social and economic theories as mutually exclusive spheres of knowledge. Social relations were not commonly factored into economic analyses (Biggart et al., 2001). However, an increasing number of social scientists recognize and discuss the ways in which social relations provide the vital context for understanding economic transactions (Granovetter, 1985) and more importantly, can produce a sort of 'capital' asset that yields economic benefits (Biggart et al., 2001). These capital assets are identified as social capital; the resources contained in social relationships. As small, income generating business activity, or microenterprise, becomes important for national economic development and poverty alleviation in developing countries, it is an increasingly significant context for an examination of how social capital can work to the economic advantage of individuals and groups. Furthermore, "Lessons learned from studying social capital in microenterprise programs can, in turn, help to provide a more general framework for improving efforts to address poverty through institutional interventions and public policy" (Woolcock, 2001:194)

Purpose of this Work

Social capital theory examines the benefits realized by individuals from the variety of relationships in which they engage. While there is a rich history of debate and broad based application associated with social capital theory, its application remains tenuous because of inconsistencies, contradictions, and lack of empirical study in this body of work. Furthermore, while many studies link social capital to successful outcomes, discussion of the mechanisms that forge this link is limited. In order to make the concept of social capital more effective in development practice, discussions of these mechanisms must be expanded and explored more deeply. This will provide a greater opportunity to apply social capital theory to practice in a systematic and evidence-based manner. The goal of this study is to contribute to a more critical and evidence-based use of social capital theory in the development of women's microenterprise ventures. The primary objectives are:

1. To identify thematic categories of concepts that link social capital and microenterprise development through a systematic review of the literature.
2. To critically examine the issues raised in the literature through an illustrative example from the author's fieldwork and the real-life experiences of a development practitioner in a second example.
3. To develop a model that informs the use of social capital theory in microenterprise development projects.

The second chapter of this work offers background on concepts that will be used in the remainder of the work. It lays theoretical and practical foundations for the thinking about microenterprise and social capital through exploring the development and breadth of approaches to each concept. The third chapter explores a range of literature that explains how social capital can be manifest in resources that propagate specific goals of microenterprise development projects. The unique challenges of women entrepreneurs, and how social capital can address their particular issues, are underlined. Chapter four takes the author's fieldwork experience in Ecuador as an illustrative example of how social forces are significant factors in cooperative group formation. The fifth chapter examines another example through an interview with a cooperative leader and entrepreneur from Guatemala. This chapter emphasizes the benefits that have been realized by a community as a result of social capital in the context of microenterprise activity. The final chapter summarizes the work and identifies specific resources that serve as mechanisms to link social capital and microenterprise development. Chapter six concludes with a description and a visual representation of a model for using social capital as a tool for microenterprise development.

Chapter 2

The Debate about Microenterprise and Social Capital: Development of the Concepts

Introduction

This chapter will provide a background on the development and debate about the two central concepts guiding this research: microenterprise and social capital theory. I begin by contextualizing the rise in emphasis on microenterprise in development practice, particularly in Latin America. Two major schools of thought about the potential and the fundamental purpose of microenterprise are discussed. Within these two camps, different approaches that development programs have taken in order to facilitate the success of microenterprise projects are presented. One of these approaches highlights how the resources embedded in social relationships can facilitate microenterprise development and growth, and thus draws on social capital theory. Taking a multidisciplinary approach, I explore the broad range of discussion that has taken place regarding aspects of social capital over the last 20 years. The section that concludes this chapter will review some major aspects of the divergence in social capital discourse.

Microenterprise

Many criteria are used to differentiate microenterprise from other types of business ventures and uses of the term are diverse. However, a microenterprise typically refers to a business that employs between one and ten people, including full and part time employees, short-term wage workers, casual wage workers and unpaid family labor (Baud, 1993). In addition to number of employees, Teszler classifies enterprises according to the level of technology they employ and the type of entrepreneurship they involve (Teszler, 1993). According to these criteria, microenterprises are characterized by more traditional technology as opposed to modernizing or modern technology, and involve "survivalist self-employment" or involvement in cooperative arrangements with other microentrepreneurs (Teszler, 1993). Businesses referred to as microenterprises are often home-based (Mayoux, 1995), often operate outside the sphere of the formal economy (Creevey, 1996; Mayoux, 1995), and are often run by women (Creevey, 1996; Hays-Mitchell, 1999; Bachrach Ehlers et al., 1998). However, microenterprise is a relative term, and application of these criteria must be considered in the context and location in which the business operates. The variety of uses of the term in the literature suggests that there is no steadfast rule for labeling a business venture as a microenterprise.

Structural Adjustment Policies in Latin America and the Growing Importance of Microenterprise in Development

In the 1980's the Latin American economy was riddled with difficulties. Sudden market changes in oil prices compounded the problems incurred by massive trade imbalances and growing national debts. In an attempt to strengthen the position of Latin America in world economics, the International Monetary Fund (IMF) and the World Bank mandated the implementation of structural adjustment policies (SAP). The philosophy of these policies was one of massive privatization, which involved major cuts to public programs, and the transfer of responsibility for the individual from the state to the individuals themselves (Creevey, 1996). Many authors suggest that the effects of

SAP are not gender-neutral, and their impact is harsher on women than men, (Gladwin, 1993; Safa et al., 1996). One example of this impact is an increase in male migration; as men see an erosion of their abilities to provide for their families due to reduced purchasing power (Gladwin, 1993) they moved farther away from their homes in search of employment opportunities (Roy et al., 1996). While the absence of men can increase women's share of power in the household and in the community, De los Angeles Crummett adds that "the age and sex selectivity of migration… can have profound effects on the household division of labor by transferring work roles from the young to the old and by increasing the work burden of women and children in rural areas where male out-migration prevails" (De los Angeles Crummett, 1983:252).

The result of the host of policies captured by the term 'Structural Adjustment' was the expansion and intensification of poverty in many countries of Latin America (Stephen, 1997). Furthermore, SAP's underscored the need for national economic growth (Creevey, 1996; Mayoux, 1995; Roy et al., 1996). This propelled a surge of interest in microenterprise strategies, particularly among women, because of: the emphasis placed on the extent to which women had been excluded from, or further disadvantaged by, mainstream development programs (Dey, 1982; Phillips, 1987; Butler, 1987); a need to contribute to family welfare and child health through increasing the standard of living of women (World Bank, 1994); and a growing interest in the newly identified 'informal sector' as a potentially significant contributor to economic growth and development (World Bank, 1994; Teszler, 1993; Creevey, 1996; White, 1999).

Microenterprise: A Means to What End?

Two categories of approaches emerged within the emphasis on women's microenterprise in development practice and programs operate on principles that are located somewhere on the continuum between them. The market approach primarily values the informal sector as a dynamic and potentially powerful source of economic stimulation and growth (Mayoux, 1995; Roy et al., 1996). The aim of the market approach is to "stimulate individual female entrepreneurship as a means for achieving economic growth" (Mayoux, 1995:6). Within the market approach quantitative returns on investment and projects are evaluated in terms of effects on the incomes and assets of the women involved.

The other approach to microenterprise development is empowerment. Laverack and Labonte describe empowerment as a process in which "people experience more control over decisions that influence their health and lives" (Laverack et al., 2000). Recognizing that the concept of empowerment is highly context sensitive and ideally responds to the complex and structural roots of human experience, Laverack and Labonte point to some general characteristics of an empowerment approach to health promotion that are also relevant to development practice. These characteristics include: a response to problems defined by the community rather than by outsiders; an orientation towards strengths, capacity and capacity building rather than on weaknesses and deficits; locally appointed leaders; and high community control of resources and ownership of initiatives (Laverack et al., 2000). Empowerment is a long-term process and indicators of its success are neither as quantifiable or as straightforward as those associated with the market approach. Outcomes of empowerment are rooted in subjective personal experience. For these reasons, empowerment and empowerment approaches have been susceptible to interpretation, re-interpretation, and according to some, substantial misinterpretation.

In terms of microenterprise development, the aim of the empowerment approach is "to encourage group formation of poor women as a means of empowering them to pressure for change in wider inequalities" (Mayoux, 1995:6). Economics are the means of organizing women, but not the principle motive. Within the arena of the empowerment approach, there has been concern expressed about overemphasizing the economic aspect of women's empowerment at the expense of wider social and political inequities:

> Many development agencies adopt women's economic empowerment as their main strategy for achieving gender equity, assuming that it will lead automatically to gender equality. Yet women throughout the world describe their experience of discrimination in many other areas of life, including their political roles, which define their power to control resources within social relationships, and their need for both emotional security and reproductive rights within interpersonal relationships (El Bushra, 2000:56-57).

The empowerment approach embodies a deeper sensitivity to political and social manifestations of poverty and inequality (Roy et al., 1996).

Neither approach to microenterprise has gained supremacy in the development world. There have been calls for the empowerment approach to be more fiscally astute and responsibly managed in the wake of decreasing development budgets and higher donor expectations. The market approach has been criticized for being too narrowly focused, unsustainable and unrealistic (Butler, 1987). Furthermore, the market approach espouses a culturally specific, and therefore biased, notion of progress. These arguments have led to a growing acceptance of a hybrid approach to project planning and implementation that reflects a convergence of the market and empowerment principles (Mayoux, 1995).

Variables in the Success of Microenterprise: Human, Physical, Financial and Social Capital

As development agencies began focusing more seriously on women's microenterprise ventures, programs featured an increasingly wide array of inputs intended to build women's capacity to engage successfully in microenterprise. Many early economic development programs aimed at women concentrated on developing human capital through skill building and training. Some authors note that in the early 1970's and 80's, most of these programs sought to transfer what were seen as 'female skills', and that women were underrepresented in 'mainstream' training programs (Mayoux, 1995; Bachrach Ehlers et al., 1998). More recently, the skills transferred to women have become more diversified, including business management and marketing.

Improving the technology, or physical capital, available to microentrepreneurs has also been considered an important element in programs (Rath, 1990; Gregoire, 1998; Woodall, 2000). One author writes, "Women need greater access to a wider range of technical skills, so they can engage in less traditional and more remunerative businesses… labor-saving devices… can release women from endless hours of drudgery and enable them to devote more hours to business activities" (Carr, 1993:113). The agricultural technology associated with the Green Revolution was thought to have the potential to significantly bolster rural microenterprise development programs (Scott, 1985). Woodall emphasizes the need for disseminating information technology as the 'main engine of growth' in developing countries (Woodall, 2000).

Another barrier to the success of entrepreneurs was the difficulty for many, especially women, to access credit through regular commercial loans (Baydas et al., 1994). Thus, some programs focus on increasing women's ability to procure financial capital (Amin et al., 2001; Kevane et al., 2001). Some microenterprise programs may employ one of these inputs as a single strategy, while 'package' programs may offer a combination of non-financial business development services in conjunction with credit (Davis et al., 1994).

While undoubtedly there are success stories associated with programs that emphasize these elements, each approach has been heavily criticized. Studies show that often the programs that focus on training, technology and/or credit, are ineffective at best, and, at worst, benefit the wealthier and more powerful factions of society, thus posing even further disadvantage to the poorest, and the poorest women in particular (Roy et al., 1996). For example, credit rationing practiced by some programs discriminates against potential borrowers based on their own characteristics and the characteristics of their enterprises automatically excluding the least 'creditworthy' (Baydas et al., 1994). Regarding the spread of technology, Birdsall comments that, "…the spread of technology…and open markets seems to be exacerbating the problem (of inequality)"(1998:78) . James Scott has written a detailed account of an unprecedented concentration of wealth among the relatively wealthy of a Malaysian village as a result of the introduction of new technology (1985). Other work supports these findings and emphasizes the impact on women:

> While some poor women in many developing countries have benefited from increased employment opportunities due to the adoption in agriculture of technological change… millions of other landless and land-poor rural women have suffered: the technological change in and the increasing mechanization of agriculture and the degradation of environment, disappearance of forests and village commons due to increased population pressure, commercial exploitation of forests, increasing demand for raw materials from industries, and illegal expropriation of village commons by powerful villagers have robbed these women of the traditional source of supply of free goods for their families' sustenance. The displacement of women from their traditional work in agriculture by contributing to the diminution of their economic independence may have further accentuated the preexisting gender bias against them…. (Roy et al., 1996:9).

Many of these criticisms argue that the most significant barrier to success is not at the individual level where most of these inputs predominantly function. They emphasize the social, political and macro-economic forces that keep factions of the populace oppressed, marginalized and disempowered.

Encouraging the formation of women's cooperatives and production groups has become a significant aspect of many microenterprise projects. Some practitioners and researchers have found that inputs, in whatever form or combination, are more effective in terms of cost and practice when administered to groups rather than individuals. The delivery of business development and credit services are, in many cases, devised and offered in ways that are anticipated to stimulate the formation of social organizations. In fact, some practitioners suggest that some elements of microenterprise programs are *only* of value in their stimulation of group organization, solidarity and growth: "These services may or may not have value on their own. They may be extremely valuable to the extent that they facilitate group formation" (Goldmark, 2001:146). While this view is extreme, a growing body of evidence shows that group formation can be congruent with both the market and empowerment approaches to microenterprise. For example, Goldmark argues that, "microenterprise programs that build social capital can serve as an important first step in the development of dynamic local markets in developing countries" (2001:145). The formation of corporate groups, or cooperatives, in pursuit of economic interests has been described by Haynes and Nembhard as " a viable and competitive method of enterprise organization… capable of sustainable growth under conditions dictated by modern industrial organization" (1999:47-48).

Haynes and Nembhard (1999) discuss the formation of economic cooperatives as a strategy for inner-city revitalization in the United States, and stress the importance of the social aspects alongside the economic aspects of this revitalization. They comment that "to make sense of cooperative economics as a response to human needs we must challenge the very foundation of social thought, including what we understand today as economics, and redefine the structure and function of economic activity" (1999:51). Stephen elaborates on aspects of social change that can be realized through cooperative organization in her discussion of a women's group in Nayarit, Mexico: "While women's discussions of their experiences in rural Nayarit focused initially on economic issues in relation to their productive projects, with time and experience their concerns also encompassed political marginalization, domestic conflict, and control over household decision making"(1997:126).

While group formation can be a vehicle for economic, social and political improvements in peoples' lives it must be recognized that this association is not an a priori assumption. The formation of a cooperative or corporate group does not neutralize the power structures, differential relationships and divergent personal interests that pre-exist in most, if not all, communities. It is realistic to expect that the operation of groups will be affected in different ways by both inequalities internal to the cooperative and between the cooperative and external entities. This was illustrated by a situation in Indonesia, where seed money was given to community cooperatives to pursue commercial activity: "There are many cases where the aid money is skimmed off… At least 13 village chiefs and three sub-district heads have been dismissed for mismanagement" (Cohen, 1995:24-25). However, the benefits of group organization and the related associational life recognized by the market and empowerment approaches lead to a recognition of the social relationships that compose these groups as a source of resources. Thus, "the term 'social capital' has become a popular way of denoting many kinds of resources appropriable from interpersonal relationships" (Sandefur et al., 1998: 482). At present, there is such enthusiasm for the potential of social capital in development, it was hailed as the 'missing link' in theories of economic development in a paper published by the World Bank (Grootaert, 1998).

Social Capital

An accurate, precise and all-encompassing definition of social capital is not achievable in light of the ongoing debate and development of thought around the concept. However, for working purposes, it can be broadly defined as the potential resources embedded in social relationships. The benefits of these resources may be realized in economic, social or political terms. Although the concept of social capital has appeared in academic literature for nearly 100 years, Woolcock suggests that it was Robert Putnam's work on governance in Italy in the 1990's that was "the major impetus to scholarship on the topic" (Woolcock, 2001:194). Since then, social capital theory has been recognized as relevant to a variety of disciplines such as health, education and economic development.

Muntaner comments that although social capital "… has slipped effortlessly into [practice] as if there was a clear, shared understanding of its meaning" (2000:109), there remains ample conflict and inconsistency among studies that explore social capital theory. A review of the social capital literature suggests that, "Some of the confusion and apparent contradictions between the findings of … studies arise because 'social capital' means different things to different people" (Whitehead et al., 2001:165). As interest increases in social capital as a theoretically and practically useful concept, and discussions become more complex and multi-dimensional, there is a need to make distinctions between the various ways it is used and what is meant by it in different contexts. This will move discussions about social capital theory to become more meaningful. In order to help myself "tiptoe through the minefield of (social capital) evidence" (the title of Whitehead & Diderichsen's 2001 article) in my own research, I have identified several dimensions of social capital theory literature that reflect different ways of thinking about it and applying it in practice.

Level of Analysis

A subtle, yet significant difference in the way authors conceptualize social capital, is indicated by the level of analysis they use to present their arguments. Some discuss social capital at a collective level in terms of the benefits it yields to groups of people such as whole communities. For example, Putnam says that, "life is easier in a community blessed with a substantial stock of social capital… dense networks of interaction probably broaden the participants' sense of self, developing the 'I' into the 'we'" (1995:5). Huntoon discusses the role of Spanish non-profit organizations in developing the social capital of immigrants (2001). It is anticipated that greater stocks of social capital will lead to greater integration of the immigrant community into mainstream society by providing them access to resources that will help them find jobs and housing (Huntoon, 2001). An important aspect of this approach to describing the benefits of social capital is that even individuals who have not directly participated in the creation and maintenance of the stock of social capital in their communities, will realize many of its benefits.

Other authors focus on the individual benefits of the capital embedded in social relationships. In what he calls the 'rational actor framework', James S. Coleman describes social structure as emerging out of interactions engaged by individuals in light of their own needs and in pursuit of their own interests (1988). Similarly, Lin uses the individual level of analysis to illustrate the importance of social capital, particularly networks, to success in business (1995).

Horizontal and Vertical Relationships

There are two types of social ties that are discussed in the social capital literature: horizontal, grassroots or intra-community ties and vertical, institutional or extra-community ties. Putnam (1995), Kawachi et al. (1997), and Lomas (1998) among others have emphasized horizontal ties in their work concerning the relationship between social capital and various aspects of individual well-being. The World Bank and the IMF also favor the horizontal forms of social capital in their anticipations and analyses (Fukuyama, 2000). In response to the high level of optimism and enthusiasm for the potential of in-group social capital, some authors maintain that there is little evidence of the benefits of 'community spirit' and local interaction (Whitehead et al., 2001). Muntaner (2000) emphasizes the importance and utility of two vertical conceptualizations of social capital spawned by the social sciences: network analysis and the role of institutions and governments. He comments that, "…there is no justification as to why … scholars should restrict their conception of social capital to the communitarian notion of civic participation and its indicators" (Muntaner, 2000:112).

Measurement

Perhaps an effective approach to understanding how the concept of social capital is understood differently among researchers is to review the variety of ways in which it is measured. There is very little consensus on how measurement of social capital ought to be carried out. Some studies assess the concept through objective measures of activities that are considered indicative of participation in community life. For example, Helliwell and Putnam measure their version of social capital ("civic community") by a composite index of newspaper readership, the density of sports and cultural associations, participation in referenda, and the incidence of preference voting (1995). Others assess the concept through morals and values that are assumed to signify trustworthiness on individual and civic levels. Knack and Keefer measure social capital by asking study participants to comment how 'justifiable' they consider actions such as "cheating on taxes if you have the chance" or "keeping money that you have found" (1997). Renzulli et al. asked their study participants directly about the people involved in their networks with questions such as, "Please tell me the first five people with whom you feel especially willing or able to discuss your ideas…" (2000:531). While these indices are intended to measure social capital, it is evident that they measure different things including civic engagement and public participation in community life to public trust and interpersonal confidence. While these are all aspects of social capital, the associated benefits are realized in distinct and divergent ways. Whitehead and Diderichsen comment that "there is a need to clarify the notion and sort out what exactly is being measured, to make some sense of the evidence" (2001:165). The progress and conceptual integrity of academic and practical work that is concerned with social capital depends on more rigorous attempts to articulate the different relationships, resources and benefits associated with social capital. The literature strongly indicates that social capital theory must be better understood before it can be quantified and measured.

Gender

Another development in theoretical discussions about social capital addresses the potential for differential access to the benefits of social capital based on gender. Some studies illustrate this differential by the extent to which it may lead to divergent economic consequences for women vis-à-vis men (Popielarz, 1999; Renzulli et al., 2000). Renzulli et al. (2000) examined male and female entrepreneurs' networks in North Carolina, and found that the men's networks tended to be less likely to be densely composed of kin and therefore, more heterogeneous. They conclude that this difference in composition may provide financial advantages to men who are starting their own businesses. Diverse social networks increase the opportunities and the likelihood of receiving relevant information (a social capital resource) in a timely manner (Blau, 1977). Previous research has also shown that there tend to be fewer men than women in the social networks of women (McPherson et al., 1986). Reskin (1993) suggests that networks composed primarily of women might not provide the same amount of leverage as networks of primarily men. He suggests this is true because women are less represented than men in employment situations – particularly in the upper echelons of the workplace hierarchy (Reskin, 1993). Grasmuck & Grosfoguel (1997) also argue that social capital among migratory communities in New York is gendered. In the same ways that "women's educational and social resources and their access to employment niches do not operate in the same way as men's... social capital... is not evenly distributed between the sexes" (Grasmuck et al., 1997:341). Generally, social networks characterized by heterogeneity are seen as more economically fruitful by these authors. However, there are also potential *advantages* that a homogenous social network (in terms of gender) might have for women, such as more accepting and familiar environments, more support, more opportunities for friendship and greater in-group opportunity.

Sources of Social Capital

Social capital comes from a variety of sources within social systems. "Social systems are constituted by relationships of various types among actors, and may be large or small and tightly or loosely bounded. Social systems may be nested within one another... and, any individual is at any time a member of more than one analytically identifiable social system" (Sandefur et al., 1998:483). In terms of microenterprise, any of these relationships might yield valuable resources. However, in the literature covered in this review, there are three sources of social capital that are particularly relevant. These three sources are cooperatives, solidarity groups and kinship ties.

Cooperatives

Cooperatives are formed in many different contexts for a variety of purposes, and operate under different rules and norms. This variety disqualifies any succinct definition of the term. Mayoux offers a summary of some of the differences between cooperatives that proves useful in establishing the range of organizations that are defined as such. The following discussion is adapted from Mayoux's summary (1988). Differences found between cooperatives in terms of their historical origins, their aims and the activities that they engage in, are discussed.

Cooperatives emerge under different circumstances. The historical origin may be traditional forms of cooperation, formally established cooperative structures, post-independence forms under socialist governments used as vehicles for economic development, individual cooperatives formed by NGO's and development agencies, or they may have emerged as feminist women's cooperatives. The aims of a cooperative range dramatically. These aims may be strictly economic (to take advantage of economies of scale, side-step middle parties, etc.), or redistributional (to provide resources to demographic and socio-economic cohorts that would not have access to them under existing circumstances). The purpose of the cooperative may be primarily administrative, to channel government services for economic development. The aims may be social or political in terms of fostering self-help and collective action amongst disadvantaged groups. When these aims are prominent in a group, it is often referred to as a solidarity group. Cooperative activities generally involve collectively purchasing raw materials and other consumer goods, producing goods, marketing goods, accessing transportation and other services, and orchestrating and administering credit and financial services. Health and literacy schemes may also be part of the cooperative activities. One of these activities may be the exclusive focus of the cooperative. Cooperatives may also focus on a combination of these activities.

It must not be assumed that cooperatives are inherently inclusive or that they necessarily build equity in a community. On the contrary, "The cooperative structure often mirrors rather than changes the existing power structures with all the manipulation and inequality in distribution of benefits which this entails" (Mayoux, 1988:12). The same way poorer members of a community are expected to 'take their place' in society, they may also be expected to take their place in the cooperative. Furthermore, the relatively disadvantaged women in a community often have less time to devote to cooperative activities and therefore may realize fewer benefits than those who are more well off. The poorest may be excluded from participation altogether because they are seen to have less to contribute to the success of the cooperative.

Solidarity Groups

The terms 'cooperative' and 'solidarity group' seem to be interchangeable in much of the literature. They are, at least, not usually identified as mutually exclusive ideas – a cooperative can be based on some form of solidarity and a solidarity group can work cooperatively. However, there are some differences in the 'spirit' under which groups form in each of these two models. The term cooperative generally implies some administrative, practical or operational basis for organization, as illustrated above. On the other hand, when individuals form groups because of some shared ideological principal or unifying experience, the result is sometimes referred to as a solidarity group. Often solidarity groups are a manifestation of "shared historical experience (that) can shape informal norms and produce social capital" (Fukuyama, 2000:17).

Solidarity groups often emerge when a group's interests are in conflict with the interests of other, more powerful groups. Liberation theology, a religious movement with strong roots in Latin America, has had an influence on the formation of solidarity groups among the lower socio-economic ranks throughout the continent. Gustavo Gutierrez, a leader in liberation theological thinking says, "liberation expresses the aspirations of oppressed peoples and social classes, emphasizing the conflictual aspect of the economic, social, and political process which puts them at odds with wealthy nations and oppressive classes" (1974:36). Likewise, because ethnicity is defined by difference (one is not 'ethnic' if one is not different), it can be an element of solidarity, or 'sameness' vis-à-vis other groups. Ethnic difference can be deepened, and ethnic solidarity can be intensified, when dominant or powerful groups attempt to absorb minorities by legally and politically rejecting them as ethnically unique. Asserting ethnic difference in response to this challenge, has been referred to as the 'oppositional process' (Spicer, 1971), and has been used to explain reemergence and reassertion of indigenous identities in many parts of the South, Central and North American continent over the past decade. Gender inequalities combined with chronically unsatisfied needs can also give rise to the formation of solidarity groups. Benton notes that in rural Bolivia "grassroots groups normally emerge once women decide to tackle particular issues, such as health issues or water problems… the provision of potable water is a basic need uniting women" (1993:238-239).

Family

Kinship ties provide an important and dynamic source of social capital for women in Latin America. Marriages, deaths, births and migration change the quantity and quality of social capital available to women through kinship. Initiating and maintaining a microenterprise often involves recruitment of sons, daughters and other family members as labor. Family members are also sources of small loans, capital loans and emergency funds in times of need. Through marriages and other arrangements, families are bound together in social and economic arrangements, expanding networks of relationships and potential sources of social capital.

However, there are important limitations to this form of social capital, particularly for women. Within the family women may have rigidly defined roles related to their marital status, birth order, and other factors. These roles are relative to others in the family. Moving outside of, or beyond these roles may threaten other members in the family. Thus, there may be immense pressure from within the family, or household, to act in certain ways that may not engender economic success and empowerment. For example, men may forbid their wives to attend training sessions, obtain credit, seek property rights or work outside the home. Women may be pressured to spend money on household needs rather than reinvest in their businesses.

Group Formation and Characteristics

Project planners and development agencies work with groups rather than individuals for different reasons associated with quantity (such as the number of beneficiaries) and quality (such as the quality of benefits). For some, groups are a matter of distributional efficiency and allow fewer resources to reach more women. For others, groups offer support, enable the development of a collective consciousness, and improve the potential for collective action. Regardless of the motivation for working with groups, some group projects enjoy more success than others. Part of the explanation for the different success of group projects lies in the nature of the group itself.

Organic and Imposed Group Formation

Much of the documentation of organizing women's groups talks about the process and outcomes of the group once it has been formed, but fewer outline the details of how the group was formed in the first place. In the case of many NGO's, although 'community participation' is placed at the forefront in terms of their operating philosophy, the literature rarely provides much insight into how participation is recruited, and on what basis women make decisions to become involved. Authors that have concerned themselves with how a group comes together, and what impact this has on the subsequent achievements and sustainability of groups, have recognized it as an important consideration.

Some project planners seek to form participant groups themselves. This can be done either by direct or indirect means: women can be hand selected to be involved by planners; or, strict criteria for involvement can be delineated by the planners. In either case, the target population for such an initiative is predetermined by the external agency and places women in groups according to their place of residence, marital status, occupation, ethnicity or some other common characteristic. In other cases, women are asked to form their own groups to participate in some program or activity. For example, a lending program might only accept applications for participation from groups of ten women or more. Reinke warns program planners that depend on local, horizontal social capital, about their sometimes over-zealous assumptions regarding intra-community solidarity and 'connectedness'. These assumptions disregard the origins, the implications and the complexities associated with 'solidarity'. In even the smallest, and 'seemingly' (to the outsider) homogenous community there are competing interests, conflict, and hierarchical orders. With this in mind, Reinke reminds us that, "groups are not formed by contracting but that a sense of solidarity must exist before loan agreements can meaningfully be adopted", although in much of the literature, "solidarity remains exogenous, an a priori assumption…" (1998:355). Portes and Mooney discuss the different ways that social capital emerges in different contexts of specific historical antecedents. They emphasize that naïve assumptions, that social capital will lead to the same results across space and time, are dangerously ahistorical, acultural and apolitical. Rather than attempting to create social groups around a development project through 'social engineering' tactics, "development projects should build on whatever exists, reinforcing existing social ties and working alongside existing definitions of the situation which are the product of historical trajectories" (Portes & Mooney, 2000:29).

For these reasons, project planners might only consider working with groups that are already in existence in some form or another, and have some joint activities in terms of microenterprise or otherwise (Bruce, 1989a). Several authors have found that the most successful projects they have come across are those that worked with groups that had already formed and were working together when the project was initiated. In Tendler's experience, "The most successful projects… were those that supplied a "missing component' to a set of activities that was already in place" (1989:1035). Similarly, Bruce describes the element that has contributed most greatly to microfinance success in Nicaragua: "The project has been successful because the cooperatives have built upon the existing market women's culture, using all the subtle and complex interpersonal relationships established over the years" (1989a:123).

Other authors have reached similar conclusions. Benton recognizes that the role of women's organizations in community development has become increasingly prominent in Bolivia in the past few decades. She identifies these organizations as dynamic forces that are able to effect change in the spheres of health, education and income generation. However, Benton differentiates between these groups based on their origins of formation (1993). Spontaneous, grassroots groups are created and maintained from within the community. Women come together on their own impetus in these cases. Contrastingly, NGO's can encourage the formation of groups through development projects and initiatives sponsored by them. While NGO's have had some success in this area, it remains that, "strong and autonomous local initiatives can develop over time to meet more needs and make use of more potential than external NGO's can ever expect to do" (Benton,1993:238).

Group Characteristics

Some research on the relationship between group characteristics and the sustainability and success of microfinance projects further explains the potential contribution of social capital to microenterprise development (van Bastelaer, 2000; Edgcomb & Barton, 1998). The bulk of this research has recognized that self-selected, small and homogenous groups of borrowers are more stable over time and have higher rates of repayments on loans than groups that are larger, more heterogeneous and externally organized (van Bastelaer, 2000). While larger group sizes prompt greater efficiency in project management and administration, smaller group sizes "make close personal relationships and frequent contact among members possible…the smaller the group, the tighter the intergroup linkages and the more effective social penalties against repayment" (Edgcomb et al., 1998:16-17). Homogenous groups in terms of gender, place of residence (geographic proximity) and economic and social status, as well as groups that know each other personally, have been found to be more effective in propagating the success of microfinance and credit schemes.

Motivations for Behavior

Before development projects build on existing social ties, these relationships must be understood so that project goals and strategies are congruent with the motivations that sustain them. Behavior is a concrete manifestation of motivations based on social capital assets such as beliefs, values, and expectations. These assets can be benefits in microenterprise development when they provide motivation for economically beneficial behaviors. These motivations, the mechanisms through which social capital facilitates economic development, are either based on reciprocity or pro-sociality (Torsvik, 2000). Reciprocity motivations reflect considerations on how behavior might affect the individual's ability to be engaged in future business deals. For example, an individual motivated by the principle of reciprocity might assess whether or not "the discounted sum of future losses in income adds up to more than the short-term gain of opportunism" (Fudenberg et al., 1991). On the other hand, three types of pro-social motivations can affect behavior. Altruistic motivations spring from the satisfaction of benefiting another person. Principalistic motivations are guided by moral principles to do 'what is right' and the economic gains of deviant behavior are not even considered. Lastly, are motivations to protect one's social status due to egoistic concerns about 'what others think' (Torsvik, 2000). The importance of this to development practice is that a certain mode of behavior can reflect a variety of motivations. If behaviors are not understood in terms of underlying motivations then strategies that are not congruent with these motivations can have impacts that are much different than might have been expected.

Formal vs. Informal Organization

Participants in the informal economy often find themselves virtually unprotected because they benefit from no institutionalized or sanctioned recognition. Lack of protection can mean corruption or the absence of minimum wage and other labor regulations. Without a formal forum for expressing grievances and dissatisfaction, laws and policies that are unresponsive or counterproductive in terms of working women's needs, go unchallenged. It is recognized that formal organization is a culturally constructed notion, and that the degree of formality that is granted any group is defined from within a community. However, here 'formal organization' refers to a legally recognized entity with legally enforceable rights and obligations in the eyes of the state.

In terms of the relevance of local organizations to forming potential links with more formal institutions, Bruce speaks about the importance of local organizations becoming legally recognized entitites: "It is essential for the cooperatives to have legal standing so they can receive and dispense funds independently, establish relationships with other institutions (including banks), (and) function as a pressure group" (1989a:126). Formalized women's groups can also enable access to resources that would otherwise be unobtainable. For example, Mayoux explains how women in Nicaragua who formed 'official' (state sanctioned) tailoring cooperatives were able to secure access to raw materials despite shortages. Women who were not associated with such a cooperative were denied access to this state controlled resource.

The option to organize formally may not be either possible or desirable for women's groups. Formally organized groups may be more exclusive than informal groups, leaving out the poorest and most disenfranchised members of society. This exclusion might grow out of intra-community perceptions of who belongs or does not belong, or out of state or institutionally defined membership criteria. Furthermore, the activities and conduct of a formally organized and recognized group by an established state structure, may be severely limited, regulated and monitored. For example, it is often these authoritative bodies, external to the communities in which they work, that "initiated cooperative policy and decided which cooperatives could form" (Mayoux, 1992:93). This might prove counterproductive to aims of addressing gender inequalities and women's empowerment.

Resources Associated with Social Capital

Whereas early studies put an emphasis on the sources of social capital, there is a growing concern about the resources associated with social capital. This is an important distinction because while many social relationships have the potential to yield social capital, not every relationship does. By focusing on its resources rather than sources we are forced to become more critical about what social capital is, and where it comes from. For example, the emphasis on the *capital* of social capital is reinforced in an examination of the extent to which the resources embedded in social relationships (in this case family relationships) provide the means for the international migration of family members

(Palloni et al., 2001). The need to prove, rather than assume the existence of social capital, and to precede the notion of sources with resources provides a basis for one objective in Narayan and Pritchett's research: "to show that associational life is in fact social capital *first* by showing that it is capital and *then* by showing that this capital is social" (1999:877). Woolcock reminds us that while all social capital is embedded in social relationships, not all social relationships produce social capital: "...(social) ties can place enormous non-economic claims on members' obligations and commitments, cutting them off from (economic benefits)" (2001:196). Human relationships are complex and varied: "...Relationships may be characterized by both their structural form and the content that inheres in them, and aspects of both their form and their content will condition their productivity as social capital" (Sandefur et al., 1998:483). Furthermore, social capital is not a static entity, but changes as relationships and the situations of individuals in the relationships change. Although it is not typically depleted with use, social capital can be changed, created and destroyed. This concept has been explored in depth in the field of migration studies (Palloni et al., 2001).

What types of resources are associated with social capital? Information is a resource that becomes more available to people as their stock of social capital expands. The diversity of one's social relationships determines the relevance and timeliness of information resources; two factors that impact the usefulness of information to an individual to further her own interests (Burt, 2002). Social capital has also been identified as a source of trust within groups (Coleman, 1990) and between groups and institutions such as government (Knack et al., 1997). Influence over the attitudes and behavior of others, and similarly, norms of civic cooperation, are other resources that can be realized through a variety of social relationships (Sandefur et al., 1998). Perhaps the proponents of the market approach to microenterprise development would particularly appreciate those authors who have emphasized the convertibility and multiple manifestations of social capital (Bordieu, 1986). Palloni et al. note that, "the key characteristic of social capital is its convertibility – it may be translated into other forms of capital, notably financial… People gain access to social capital through membership in interpersonal networks and social institutions and then convert it into other forms of capital to improve or maintain their position in society" (2001:1263). For example, timely and relevant information about job opportunities may be converted to financial capital when a job seeker finds employment.

The Importance of Social Capital to Economic Development

Just how influential the social capital sphere can be on economic outcomes has become a unique area of interest in itself. Many researchers and practitioners claim that social capital is vital and significant in explanations of economic development (Torsvik, 2000). Helliwell and Putnam suggest that the social capital embedded in "…networks of organized reciprocity and civic solidarity, far from being an epiphenomenon of socioeconomic modernization, were a precondition for it" (1995:374). Others have been more critical in their appraisals of social capital. While these authors don't deny the potential contribution of social capital to economic development, they recognize it as a single factor in a complex web of economic and political issues (Kyle, 1999). For example, Muntaner comments on the largely uncritical acceptance of Putnam's conclusions that "…social capital is the key factor underlying economic development in several Italian regions…" because of his "neglect of class relations or 19th century socialist and catholic political traditions in the creation of contemporary social capital" (Muntaner, 2000:113). Woolcock warns that there is a risk that social capital theory, applied to development programs, "…risks trying to explain too much with too little" (1998:155).

Torsvik (2000) emphasizes a concern that there have been few attempts to identify the mechanisms through which social capital can be a tool for economic development. This argument is echoed elsewhere: Whitehead and Diderichsen (2001) suggest that much of the evidence for the effectiveness of social capital may appear tentative because it highlights the relationship between income inequality and health to social capital while paying insufficient attention to the mechanisms that propel this relationship. In order to discern exactly what benefits social capital can be expected to confer on microenterprise projects, we must move beyond indicators of the interrelation and towards an understanding of *how* they are interrelated. It is important to understand how social capital and economic development are mediated in order to have a basis for future research and to guide the development of program objectives. This is the focus of the remainder of this work.

Chapter 3: The Usefulness of Social Capital to Microenterprise Development

"It has now become recognized that these three types of capital (natural, physical and human) determine only partially the process of economic growth because they overlook the way in which the economic actors interact and organize themselves to generate growth and development. The missing link is social capital."(Grootaert, 1998:1)

Introduction

Social capital, or the potential resources embedded in social relationship, is being increasingly heralded as the 'missing link' in development strategies. There are many reasons for its growing importance. Like other forms of capital, the assets associated with social capital can facilitate microenterprise, through developing networks and knowledge that serve a variety of purposes. Social capital can also increase opportunities to secure access to other kinds of capital. However, unlike other forms, social capital is a resource that even the poorest and most oppressed are assumed to possess in large quantities. However, the mechanisms through which, and the conditions under which, social capital can be productive in terms of microenterprise are still not well understood. Thus, it is posited, if development practitioners can 'decode' the assumed potential of social capital, then it can be used strategically in order to lift the poor into the 'virtuous spiral' of income generation, sustainable economic development and empowerment.

The purpose of this chapter is to review the literature on microenterprise, primarily among women in the developing world, in order to extract and elaborate on themes that link this development strategy with social capital, and related assets. During this review, four main objectives of microenterprise development programs emerged: the provision of microcredit and financial services; promoting and enabling environmentally sustainable practices; securing markets for products and services; and women's empowerment. The value of these objectives will be discussed in terms of the needs of poor microentreprenuers. A specific emphasis is placed on how gender issues factor into each of these objectives, and therefore how women experience needs and challenges differently from men. Finally, social capital will be examined in relation to how associated assets can impact the operation and philosophy of various programs that are guided by each of the objectives. This paper concludes with a general discussion of the forms of social capital and some considerations of the specific properties that affect how it impacts on development initiatives.

Financial Services

The Need for Financial Services

Small loans (microcredit) and other financial services such as savings vehicles, are the prominent strategies discussed in writings about microenterprise development, particularly in regard to women's microenterprise ventures. Practitioners, academics and policy makers have acknowledged the need for financial services for the poor and especially poor women, in order to initiate and maintain small business ventures. There are a number of expenses involved with operating a microenterprise including buying or producing goods to be sold, securing access to raw materials, investing in technology, transportation, renting market space, additional labor in busy times, utilities and other forms of overhead (Bruce, 1989a). Credit is used to keep businesses afloat despite small incomes and little or no surplus cash and to expand businesses in order to compete with larger and more modern systems (Bruce, 1989a). However, the continued and widespread unavailability of these services to poor women is recognized. Generally the response from funding agencies has been to continue to increase financial support for microfinance programs, particularly those focused on women. This funding has increased dramatically over the past twenty years, and is slated to increase further in years to come (Mayoux, 1992).

Barriers to Accessing Credit

Obtaining access to credit is not a new concept for many women microentrepreneurs. Credit is secured in many forms – cash from moneylenders (Bruce, 1989a; Ghafar Ismail et al., 1997), credit accounts with store-owners (Edgcomb et al., 1998), and emergency loans from friends and family members (Bruce, 1989a). However, although specific circumstances vary greatly, women often experience substantial barriers to accessing more formal credit that may be more consistently available, and characterized by lower transaction costs and interests rates. Generally, there are two aspects to qualifying for formal credit: reputation, character and past loan repayment performance; and the availability of collateral to be surrendered in the case of non-repayment (Edgcomb et al., 1998). For the poor, and poor women in particular, these two criteria pose major barriers to accessing credit because of their typical lack of experience and history with lending institutions and lack of capital assets. Furthermore, the processing and administration associated with small loans may be too cumbersome, expensive and unprofitable to engage formal lending institutions. Tendler elaborates: "Small-loan programs usually run high costs per dollar spent because of the time and skills required to evaluate numerous small applications. Banks resist small loans because of these high unit costs" (1989:1037). Other barriers are less formal, and possibly less obvious, but no less significant. These include poor infrastructure and geographic isolation, limiting the ability of individuals to physically reach the lender; economic cycles that restrict the ability to make regular, periodic payments; and illiteracy, social status and gender which place socially created and sanctioned restrictions on some factions of society from making requests for credit from formal institutions (Edgcomb et al., 1998).

The Contribution of Social Capital to Overcoming the Barriers

Group lending facilitates greater access to credit for poor borrowers for many reasons. For example, lending to groups of individuals could be a more attractive alternative to lenders because, "the cost of lending to very small businesses is reduced by bundling together several very small loans" (Berger, 1989:1025). Many microfinance programs seek to enable the poor to optimize the use of the assets contained in their social relationships to facilitate the credit process. Information assets can help group members obtain appropriate credit and financial services; trust, norms, influence and social sanctions can improve rates of repayment; and experience, networks and the establishment of credit history can propagate one's graduation to more formal lending institutions and/or obtaining individual loans.

Information Assets

Many organizations that support microcredit programs make use of the 'information assets' generated by social relationships in order to qualify women for credit. Individuals are engaged in a series of relationships at the individual, family and community levels that generate the production of information about each other that pertains to their likelihood and ability to repay debt. For example, information based on reputation, past experience and observation can provide an evaluation of character of each group member in terms of her *likelihood of repaying loans*. Information that individuals have regarding each other's economic activity and situation is also used to evaluate the *ability of group members to repay loans*. This reduces the need for collateral. Involving community members in the loan approval process takes advantage of the potentially intimate knowledge of personality, characteristics and economic situation and recognizes this knowledge as an asset that can be used to accurately and systematically assess the risk involved in providing loans. In her review of several 'successful' microfinance projects Tendler notes that "the burden of the selection process was shifted from the credit entity to peer groups of borrowers themselves… their ultimate acceptance of the member was based on an assessment of that person's likelihood of repaying…." (1989:1036). This approach to risk assessment reflects a more rounded and in-depth knowledge about client risk because "groups base their decisions as to who gets loans on character judgments about the borrowers, rather than on an evaluation of their… business proposals" (Tendler, 1989:1037).

Trust, Norms, Influence and Sanctions

Once credit has been obtained through information assets, other assets associated with social capital, such as trust, norms, influence and sanctions can facilitate individual adherence to repayment schedules. Norms are the prescribed range of behaviors, actions and reactions that are expected of members of a social group, by others in that group. Norms reflect repeated behaviors that come to be accepted as socially acceptable and generally expected. Trust is the faith that group members have that established norms will be adhered to in future transactions or dealings. This trust is based on past experience and a shared understanding of the boundaries that delineate that which is acceptable and that which is not. Influence is the ability of one individual or group to induce another individual or group to think or behave in a certain way (Sandefur et al., 1998). Sanctions can be used by an individual or group as punitive action towards those who break norms, defy trust and refuse to be influenced by others.

Interpersonal trust between community members can reduce the transaction costs associated with credit in place of formal agreements or contracts, or where these contracts do not exist, or where enforcement mechanisms are weak. To support this finding, Knack & Keefer have found that "interpersonal trust seems to be more important in facilitating economic activity where formal substitutes are unavailable" (1997:1267). The policy implications of this finding are that, "where interpersonal trust is low and unlikely to improve rapidly, institutional reforms providing better formal mechanisms for the reliable enforcement of contracts and access to credit are even more important than where trust is higher" (Knack et al., 1997:1267).

The social assets described above are often activated through the group's joint liability for loans. Joint liability may be enforced by exacting repayment from the group rather than from individuals. If one group member fails to make a payment on her loan, the group is responsible to compensate the lender for this missed payment. Joint liability may also be enforced by renewing group loans only after each individual loan in the group has been repaid. In either case, the group as a whole is accountable for individual behavior. In turn, the social assets of norms, trust, influence and sanctions are powerful mechanisms used within the group to ensure adherence to the prescribed behavior of repaying debt.

One potential drawback to the use of joint liability in microcredit projects is that women can only qualify to obtain the amount that the least creditworthy group member qualifies for (Ferguson, 2000). This limits the potential benefits of microenterprise to members who may require more financial capital than they can acquire through the credit group. Furthermore, some credit group members, or prospective members, may view joint liability as too great a burden as membership requires that they face the possibility of having to repay part of someone else's loan (Ferguson, 2000). In Ferguson's study, she found that differences in the way group members perceived these issues as tenable drawbacks, were dependent on the extent to which group members had formed social relationships outside of the credit group (Ferguson, 2000:25). This potential tension between group members emphasizes the importance of considering group formation and the extent to which members' existing relationships are considered prior to administering credit.

Features Tailored to Client Groups

Many microfinance programs offer components and features that are not available or not included in more formal lending systems. When social capital is built up horizontally, relationships may be formed between individuals that have relatively similar needs and circumstances. They can therefore make collective demands that address the unique needs that arise from issues of gender and class situations. Services aimed at these client groups are therefore more likely to address the specific needs and barriers experienced by them. One example is the savings components that are increasingly a part of more comprehensive financial services, but are still often overlooked by programs that continue to focus narrowly on microcredit. While larger, more affluent, savvy borrowers may not have a need for savings components in order to increase the likelihood of their enterprises being sustainable, this is a potentially vital part of less established and more tenuous microentrepreneurship.

The significance of savings components alongside loans, and use of these savings to finance loans, as a part of microfinance projects is increasingly emphasized. Some studies have found that external funding can be the fatal flaw in projects that emphasize loan repayment as a means of gradually making the credit program self- sufficient. There has been the tendency for cooperatives and solidarity groups, especially those supported by an outside agency, to be viewed as benevolent agencies. Thus, clients might feel that loans do not have to be repaid (Ferguson, 2000). Bennett et al. echo this concern when they advocate for the use of the group's savings as capital for loans rather than external funding: "The use of internal funds… is believed to instill greater respect for loan contracts by borrowers and an increased sense of 'ownership' and interest in contract enforcement by all group members. Sources of external funds… may be called loans but are often perceived by members as poorly disguised grants" (1995:8-9). The lack of ownership over resources incited by external funding may dilute the assets generated by social capital that facilitate higher rates of repayment.

Another way that cooperative run lending organizations can better serve the needs of small borrower groups, and address the barriers to credit they experience, is through instituting more flexible means of loan disbursement and repayment than are typical of traditional, formal lending institutions (Bruce, 1989a). Lenders may accept payments on a daily, weekly or monthly basis, depending on the circumstances of the borrowers and the nature of her business (Bruce, 1989a). Furthermore, lenders' locations may be based in close proximity to borrowers to reduce the time and expense of transportation. Lenders may even seek out women in their homes or places of businesses to complete forms, deliver loan proceeds, or collect payments. Lastly, lenders may disburse 'emergency' loans for purposes that are not traditionally accepted by lenders as legitimate requests, such as subsistence, medicines, or school fees.

Graduation to Other Lending Options

This stage in the credit process takes us back to the information assets embedded in social capital. Once a credit history and good repayment record are established by an individual or group in the context of the local microfinance vehicle, it may be possible for her/them to move on to secure credit from a more formal credit institution. This enables clients to obtain larger amounts of capital with individual liability terms. It also allows clients to build a stronger, individualized credit history with banks or other institutions. Such a 'graduation' process aptly illustrates how strengths in horizontal social relationships can give rise to a greater degree of availability of vertical relationships, which can yield different kinds of benefits. While opinions vary about the importance of the 'group' in lending strategies, there is much agreement on the great value of the 'information asset' provided by group strategies in the form of a credit history (Edgcomb et al., 1998; Bennett et al., 1996) .

The principal supporters of group credit projects praise their economic efficiency. However, while Reinke concedes that, "it may be rational to invest in social relations" (1998:556), he argues that the social capital that is utilized in place of credit histories and collateral, consists of very costly and exclusive social institutions. The costs associated with forming these institutions, such as any gifts or food associated with social rituals, celebrations, favors or responsibilities, are rarely considered in economic calculations of the efficiency of group lending. These disadvantages, he argues, have the potential to outweigh the benefits of group control leading to high rates of repayment (Reinke, 1998).

Environmental Sustainability

Potential Environmental Risks of Microenterprise Development

While economic sustainability has received much attention in the literature on microenterprise, environmental sustainability has not, despite the reliance of many microenterpreneurs on a reliable and sustainable source of local, environmental resources. While it is tempting to disregard the environmental consequences of microenterprises because of their small scale, there is evidence that the impact may be even greater than that of larger businesses due to technical inadequacies in production and waste treatment, and the lack of regulation for this sector. The same practice may have differential impacts on different environments. However, while levels of acceptable and sustainable stress must be considered relative to each ecosystem, "for the millions of microenterprises in aggregate, the cumulative effects may be significant" (Anderson et al., 2001:97).

Microenterprise development that involves intensification and expansion of production activities in the shift from subsistence to market involvement can put greater demands on environmental resources. For example, the shift from subsistence to commodity agricultural production can expose land and soil resources to intensified stress. When microcredit strategies are used to facilitate agricultural microenterprise, repayment requirements may reorient practices to take advantage of short-term gain rather than long- term sustainability. Furthermore, cash cropping tends to incorporate the cultivation of fewer plant species, diminishing the environmental benefits of crop diversification (Collins, 1991). Overall, microenterprises may place greater demands on natural resources such as water, wood or land, and may generate more waste and greater waste toxicity (Anderson et al., 2001; Dasgupta et al., 1994). When these natural resources are depleted or degraded, microenterprise is less possible and less profitable.

Social Capital and Environmental Sustainability

The need to use, and preserve, local environments in order to meet future development objectives leads us to examine how social capital can act to facilitate prudent environmental consideration in the wake of microenterprise development. I begin this exploration with a look at communal resources, also referred to as public, or common pool resources. It may be more likely that private resources are maintained in a sustainable manner because there is a direct association made by the owner between the responsibility to maintain the integrity of the resource, current reward and future reward. However, public resources, or common pool resources, are less likely to be protected as vehemently because sole responsibility is not assumed by the individual who overuses or underinvests in them. Benefits of public resources can be realized with no contribution to their sustainability. However, this 'free-rider effect' can be controlled through social capital: "Social institutions based on trust and reciprocity, and agreed norms and rules for behavior, can mediate this kind of unfettered private action" (Pretty et al., 2001:210). Social norms and rules can also function to encourage sustainable microenterprise activities when groups are given the power to limit an individual's access to other business services such as credit or training, if their activities are not protective of collective resources (Anderson et al., 2001). In the same way that social capital assets, such as trust, influence and sanctions, can facilitate the repayment of group loans, they can also facilitate practices that protect, maintain and even improve the state of common pool resources. Furthermore, social capital, in conjunction with rising incomes, may also facilitate the expansion of possibilities and opportunities for improved environmental quality through the development of community projects such as sanitation and conversion to cleaner sources of energy such as electricity (Dasgupta et al., 1994).

Environment, Poverty, and Gender

Environmentally harmful practices may not be a means of getting the most for the least, as is implied by the free-rider effect, but simply a means of survival. "Environmental degradation is created… by the rational response of the poor households to changes in the physical, economic and social circumstances in which they define their survival strategies" (De Janvry et al., 1988:3). Collins describes how this reaction to crisis can set in motion a vicious cycle: "Environmental problems are livelihood crises for rural families but, in turn, livelihood crises can engender destructive patterns of resource use" (1991:48).

While much of the discourse of environmental sustainability focuses on the behavior and specific practices of individuals and groups, it is important to stress that the quality of the environment is a socially, economically and politically determined phenomenon. As is the case with all resources, the environment is appropriated, controlled, maintained and degraded by actors engaged in gender relations and power structures internal and external to a community. In what has been referred to as the 'eco-feminist' position, it has been argued that women have an inherent closeness to nature. Because women's work is more closely tied to the environment, it is women that can be mobilized effectively for environmental conservation and environmentally protective behavior. Often to the detriment of the natural environment, rural development programs subscribe to an essentialist position, emphasizing individual behavior or the supposed inherent closeness of women to nature. They fail to address the role of groups and communities, and the relationships within those groups and communities, in resource management.

While the eco-feminist paradigm is rejected by Jackson (1993), she, and many others recognize that gender issues are significant to the discussion about environmental sustainability. Much of the literature emphasizes the particular stake of women in the welfare of the environment because in addition to their roles in microenterprise development, many of the subsistence activities that are typically located within the female domain are tied to natural resource exploitation. Anderson and Locker are joined by many others in their observation that, "women's roles… mean they suffer the most from deforestation and desertification, and have a particular incentive to maintain or improve their local environment" (2001:99). For example, women collect wood for cooking fuel and water for household use. Environmental degradation may mean that their work is intensified as they must travel greater distances and spend greater amounts of time seeking out these resources as they become increasingly scarce. Furthermore, in cases of male out-migration, women are left in charge of the family farms and of addressing associated issues of labor scarcity. In times of male absenteeism, and resulting labor scarcity, compromises must be made in order to survive. These compromises likely involve areas of activity that affect environmental sustainability and not those that impact on short-term income and production (Gisbert et al., 1994). Thus, while "women are often the major victims and agents of land degradation caused by the productive activities of poor families" (Gisbert et al., 1994:111), Jackson calls for attention to the "centrality of gender relations (rather than women) to environmental degradation" (1993:1952).

Gender and Property Rights

Gender relations are called into question in the disparate access to property rights between men and women, which have in many cases, been blamed for adverse environmental consequences. Through an understanding of property rights as the ability to call upon others to support a claim to property or benefits (Bromley, 1991), Meinzen-Dick et al. suggest that, "property rights describe relationships between people" (1997:1303). It has been shown, in turn, that property rights mediate the way that men and women relate to the environment and thus have a profound impact on how practices can harm or help environmental quality. In many cases where women gain access to property through men, but cannot secure ownership, "they are likely to have much shorter time preferences than men" (Jackson, 1993). The recognition of the long-term benefits of many conservation practices is thus 'filtered' through these preferences for shorter-term benefits (Jackson, 1993).

Participation and Decision Making

If women are generally more involved in exploiting the environment through the course of subsistence and microenterprise activities, then it would ideally be these same women that have the greatest say in policies and programs that guide sustainable practice. However, as Gisbert et al. note in the case of rural Bolivia, women are restricted from actively *managing* the resources they exploit because of the "social limitations on women's participation in rural society" (1994:111). They add that when women are afforded some participation in community level affairs, it is usually through their husbands that they participate (Gisbert et al., 1994). When governmental and non-governmental organizations offer programs to address poverty and environmental degradation, women's participation is not typically addressed. When programs do explicitly address women's involvement, progress may be impeded by issues associated with property rights and the general discrimination and barriers to participation experienced by women in society at large.

Male absenteeism can increase women's involvement and power in society, and particularly in matters of environmental sustainability. However, it is unlikely that these benefits of male absenteeism 'trickle down' to all women equally. Intracommunity or intra-household disparities in power, authority and control can continue to exclude some from participating. Considering that social class and position within the family can affect division of labor as profoundly as gender, exclusion will likely extend to the women that are most involved with resource exploitation. For example, relatively well-off women may still hold power over poorer women. In-laws and elder siblings may enjoy a disproportionate amount of the social capacity to participate and make decisions regarding resource use.

Access to Markets

Barriers to Accessing Markets

It is well established that in order to be successful over the long term, producers must have access to dependable and profitable markets for their goods. Mayoux notes that, "despite impressive organization of rural women, attempts at small-scale industry production have faced the same problems as elsewhere: lack of demand on the local market and the fickle nature of the tourist and international market" (1995:44). Difficulties in accessing these markets may be particularly acute for microenterprises due to various constraints such as low levels of marketing technology and funding, and geographical isolation (Mikkelsen, 1999). Moreover, while networks and contacts are the cornerstone of marketing, the social constraints that inhibit the ability to establish these networks and contacts are perhaps among the biggest barriers to success that microentrepreneurs face. McVay calls for a greater understanding of the ethnic, cultural and class barriers to linking up with networks and contacts (1999).

Vertical Linkages

Forging links with external agencies and service providers is one way that producer groups can expand their networks beyond the traditional linkages of family, community and class alliances that may have traditionally been used to market goods to a local audience. These relationships can improve producers' access to increasingly large and lucrative markets locally, nationally and internationally. Two types of external agencies are discussed in the literature: marketing service providers that often provide marketing services in conjunction with other business development services; and alternative trade organizations.

Marketing Intermediaries

Marketing service providers, or marketing intermediaries, assist producers at various stages of production and sales, to increase their position in the market. The services provided by such intermediaries are usually of two types: the direct or indirect linking of producers with clients, and sector-specific ancillary services. Linkage programs help to mediate between entrepreneurs and customers in order to overcome ethnic and socioeconomic disparities, and facilitate a trusting relationship that can allow for business transactions (McVay, 1999). These programs entail the involvement of an intermediary, or class/cultural broker, who is in an ideological, political and social position to move fluidly between the worlds of the entrepreneurs and the customers. The intermediary may act as a go-between, buying from the producer and selling to the buyer. An economic relationship between the two parties is made possible through the intermediary, but the buyer and seller never actually meet. Another approach is one in which the market service providers move beyond acting as intermediaries toward building the capacity of producers to manage their own networking and relationship building. An example of this is provided by a marketing service project profiled by McVay:

> The AgReform project helps entrepreneurs and small holder farmers do their own networking. It facilitates a needs assessment process that helps entrepreneurs and smallholder farmers see a problem and identify a particular technical or informational gap. Then it researches who could help provide that information and helps entrepreneurs and smallholder farmers travel to the source of information.... Eventually, farmers begin to feel comfortable with the process and embark on their own problem identification and information-seeking trips (1999:21).

Marketing service providers often provide ancillary services that add value to products before marketing them, such as quality control screening, packaging and transportation. They may also conduct market research, assist producers in product development, and supply producers with good quality raw materials. Mikkelsen provides a description of three separate cases where marketing service providers have linked themselves with groups of producers and have increased the viability, sustainability and profitability of microenterprise (1999). PROARTE works with artisans in Nicaragua by providing quality control and product development services, administering transportation and customs formalities, providing raw materials, conducting market studies, and participating in international trade fairs. PROEXSAL works with organic fruit and vegetable producers in El Salvador in market studies, product development and information sharing between producers and buyers. PCS works with various micro-producers in Colombia in product development, quality control, packaging and technical assistance in the production process. While PROARTE and PROEXSAL link producers to international markets, PCS focuses on the local, national market. All of these marketing services agents began as non-profit organizations and offered their services for free, but have become self-sustaining for profit businesses (Mikkelsen, 1999).

Alternative Trade Organizations

While marketing service providers generally base their approaches on the principles of market rationality, Alternative Trade Organizations (ATO's) are generally more socio-politically motivated. ATO's promote goods worldwide that have been produced under circumstances that are perceived to be humane, equitable and sustainable. They most commonly work with cooperatives or producers that have organized themselves to operate in a cooperative manner (Fair Trade Resource Center, 2002). While their specific objectives and underlying philosophies vary, they generally address what they see as political and social injustices through "realigning exploitative global trading structures, particularly those involving partners in developing countries" (Fair Trade Resource Center, 2002).

A good example of the benefits realized by some groups that develop relationships with ATO's is provided by coffee production in Latin America. Traditionally, coffee production has been dominated by large, multi-national companies, but due in part to their links with alternative trade organizations, the fair trade and certified organic coffee industry is dominated by small producers. One model for ATO's involves the establishment of a brand name or trademark, under which products bought from different cooperative producer groups are sold. Embedded in this brand name are values based on equity and social justice that are 'sold' to the consumer along with the product. Therefore, ATO's may delineate how the cooperatives they buy from operate. For example, Max Havelaar, an ATO based in the Netherlands, guarantees producers a fair price for their coffee if the organization is politically independent, operates under 'democratic principles' and is willing to accept new members without discrimination on the basis of sex, religion, politics or race. Furthermore, this particular ATO limits its suppliers to small growers who depend on family labor to produce their coffee.

The ATO movement has reinforced the importance of horizontal forms of social capital through working with cooperatives rather than individuals. However, it has also improved the access of Latin American coffee farmers to more vertical forms of social capital by linking them to a market of affluent coffee drinkers that are increasingly aware of worldwide struggles and are increasingly interested in more socially responsible consumption (Rice, 2001).

Horizontal Linkages

The importance of vertical linkages has been made clear by the examination of how marketing service providers and alternative trade organizations can open up new markets to producers. Access to markets frequently involves establishing vertical links with larger businesses, subcontractors, wholesalers or the international consumer community. However, the importance of horizontal linkages should not be overlooked, whether they operate in conjunction with vertical relationships or independently. For example, horizontal forms of social capital can improve the capability of microenterprises to be increasingly competitive in economies of scale. Compared to an individual, groups that bring together like-producers augment production capacity, and increase their access to expensive marketing technology, advice, and know-how – such as the marketing service providers discussed above. Individuals can also boost their bargaining and negotiating power vis-à-vis merchants using collective strategies. Examples of how this can be done are bulking products for sale, or storing produce when supply is plentiful and prices are low, until market prices improve (Gisbert et al., 1994).

Ethnic Identity and Solidarity

In Latin America an indigenous ethnic identity is a class identifier and is commonly a liability in terms of the social and economic interests of the indigenous peoples. However, in a few cases indigenous ethnic identity has actually become a resource to further the interests of particular groups by becoming powerful forces in marketing strategies. Stephen explains how ethnicity has become a resource to producer groups: "The production of indigenous crafts in Latin America for tourist and export markets depends on the commoditization of indigenous culture" (1991:101). In all of Stephen's examples, the products marketed are aspects of material culture. However, the mechanisms of marketing extend to the symbolic aspects of culture, or the 'story behind the product'. These symbolic aspects are maintained through processes of social reproduction among individuals in an exclusive group, and reinforce ethnic solidarity.

An example of a group that has been very successful at creating and maintaining a distinct cultural identity, and marketing products through this identity is the Otavaleños of Northern Ecuador. The marketing success enjoyed by Otavalan weavers has roots in specific historical, political and cultural factors (Kyle, 1999). Nonetheless, this success allowed them to nurture and sustain their cultural institutions through social reproduction.

Keeping these institutions socially prominent through tradition and ritual, has contributed to ethnic solidarity and has become an important social capital asset available to group members. Kyle adds, "far from being atomized actors, the actions of an Otavalan weaver, merchant or musician depend very much on what other Otavalans have done before them and are currently doing. Group membership carries with it the possibility for social capital, though not necessarily in the form of direct aid" (1999:330). Portes and Mooney note, "[the Otavalans']… success at weaving and trade since the colonial era and today's successful marketing of their handicrafts has heightened a sense of cultural distinctness that forms the basis for bounded solidarity" (2000:21). This solidarity, in turn, enables continued marketing success for the Otavalans by maintaining and transferring the benefits of networks and contacts to others in the group.

Empowerment

Income Generation and Empowerment

It has been classically asserted that women's economic participation and income generation, in addition to providing a largely untapped source of national economic growth and poverty alleviation, were potentially effective mechanisms for heightening women's political power and social status in the realms of family, community and nation. By increasing women's incomes and assets, it was argued, microenterprise development holds the promise of empowering women by increasing their control over resources incoming to the household. In numerous studies it has been reported that women's income generation has resulted in positive changes for women's empowerment: shifts in household division of labor; more power and control over resources in the family; and more power over reproductive rights and thus, lower fertility rates. Moghadam asserts that, "Paid employment is a key issue for women. Women's social and political status is closely linked to their economic status; as their incomes increase, women in most societies have more political and social value attributed to them" (1996:220).

Microenterprise development as a means to economic participation and ultimately, women's empowerment has since undergone further study and emerges as a more problematic and complex equation than was once posited. Earlier assumptions suggested that income generation would automatically contribute to raising women's degree of power over their own lives and the lives of their families. Since then, it has been widely acknowledged by critical and in-depth evaluations of microenterprise projects that just how it is that income, gender inequality and empowerment actually relate to each other is not well understood (Goetz et al., 1994). There is a growing understanding, however, that initiatives that focus only on income generation and not on inequalities and gender issues do not often lead to improved outcomes for the lives of women. In fact, some authors have provided evidence that, "it is a major failing of much development work that an income generation intervention, although it increases the overall income of the household, actually does more harm than good for certain individuals within the household" (Roy et al., 1996:7). Thus, many authors are calling for greater attention to the importance of specific strategies that earmark empowerment, rather than only increased income, as necessary in order for the full potential of microenterprise to be realized in terms of human development. While income generation and control over income are variables in the well-being of household members, their relevance to empowerment has less to do with its instrumental purpose – to purchase things – than in its "psychological interpretation as social status or relative importance" (Labonte, 1993:59).

Mayoux notes that market-oriented approaches to microenterprise are often viewed as the politically safe alternative to approaches that emphasize empowerment and social change: "Because of the focus on income earning, [cooperatives]… have been seen as less threatening than more explicit attempts to organize feminist consciousness-raising groups" (Mayoux, 1992:91). However, since the mid-1980's, women's empowerment has taken on a greater significance in planning for microenterprise development. This emerging emphasis has involved increasing attention toward expanding social capital through cooperatives and other groups in order to bolster the empowering potential of microenterprise development projects. This approach has the potential to transform the process of microenterprise development into one which promotes greater solidarity with other women, increased respect for women in communities and families, an expanded context for women's activities and a greater voice through participation in community and family decision making.

Improved Skills and Knowledge

Many microenterprise development programs in the 1970's and early 1980's focused on training programs to empower women through increasing their skills and knowledge. The skills transferred were typically congruent with the traditional view of women's activities, and were often considered the 'informal' counterpart to the training received by men that prepared them for employment in the formal sector. Critics of this approach were skeptical of the propagation of women's limited involvement in the economic sphere; this skepticism was underlined by low paying activities and a narrow range of skills. Since the early 1980's, training activities have been expanded to include some activities that are not traditionally within the female domain – although it is duly noted that this remains the exception rather than the rule. What has become more common, however, is the increasing emphasis on skills associated with accounting, business management, marketing and other entrpreneurship training (Mayoux, 1995).

Training has the potential to put poorer women on a more even playing field with better off women, and men, in a community. Attending the same training sessions and working through the learning process together, women may strengthen their relationships with each other. While training programs and skill enhancement have been criticized because they emphasize individual determinants of poverty and unemployment, it is suggested that training is an effective tool for empowerment when it is conducted within a context that allows for networking development and enhancement of one's social capital. "For poor women entrepreneurs, system of networking and information exchange may often be more valuable interventions than skills and business training on their own" (Mayoux, 1995:33). Similarly, Gisbert et al., suggest that capacitation and training programs be framed as organizational experiences (1994:120).

Training programs also have the potential to deepen divisions in the community. Poorer women are less likely to have the time to attend lengthy training sessions because of the difficulty in setting aside time from their family and work responsibilities. Husbands, fathers or even mothers might forbid some women to participate in training programs if it is socially perceived to be inappropriate for them to do so. Thus, training may put these women at a further disadvantage as the disparities in training and skills, and the status that may accompany educational achievements, become greater between the worse-off and the better-off women in a community. Furthermore, in some programs, where impacts on empowerment have been explored and evaluated carefully, it has been found that these better-off women have increased their power over other women, and not necessarily vis-à-vis the men in their households or in the wider society (Hulme et al., 1996). As is the case with virtually every approach to microenterprise development, training and skills development can compound the advantages of the advantaged and the disadvantages of the disadvantaged.

Ultimately, developing skills and knowledge is a strategy that is congruent with the empowerment approach insofar as women are increasingly recognized as valuable assets within their families and communities, and their growing expertise is routinely sought out and appreciated. This necessitates a focus on more than just training; the emphasis needs to be placed on carving out a place for women to be meaningful and instrumental actors and active participants in the decision-making that shapes their communities and their own places within it.

Greater Voice and Participation through Collective Action

When women work together, there is greater opportunity for them to collectively identify and collectively address issues that affect them. Mayoux suggests that, "through organizing around production women will eventually also organize to improve their position as women" (1992:98). Furthermore as women "devise a collective solution to the problems… they are currently attempting to solve individually, their ability to sustain their participation in productive projects could be improved…" (Gisbert et al., 1994:118).

For example, if microenterprise activity increases the economic power through increased incomes and increased control over this income, then groups of women might band together to support community projects that directly address women's needs. For example, in Bruce's experience with a market women's cooperative in Nicaragua, women "work to insure that their priority needs are met… most of the community projects they have undertaken support and assist women's roles in the domestic sphere, such as day care, health, or potable water for the school" (1989:136). Examples of these kinds of social welfare projects from Managua, Chichigalpa and Granada illustrate how an economic base can be translated into social and political power and legitimacy if it is the will of the cooperative, (Bruce (a), 1989). Moghadam comments on the inadequacy of income generation alone in women's emancipation and the need for increased participation in social change: "The extent to which paid work enhances women's social power depends very much on whether it provides for women the experience of being active agents in a public process" (1992:234).

It is important to note that just because a cooperative is formed, the benefits of cooperative production are not automatic. Different factions of society have often been found to benefit differentially from the cooperative and its activities. For example, Mayoux comments that "all the evidence indicates that cooperatives and group production fail to attract the poorest women, except where there is very careful and effective targeting and substantial support" (1995:45).

Expanding the Context of Women's Activity

An important aspect of the group in microenterprise development that is seen to be empowering is overcoming isolation. Women working together in an area outside of the homes offers a new forum to expand opportunities, explore new life options and voice concerns. Mayoux comments that collectives "have been preferred over other forms of income generation because collective working has been seen as a way of overcoming many aspects of women's isolation" (1992:98). In another publication she adds that, "producer groups and co-operatives were also seen as having particular benefits for women if they worked together in a common workshed outside the home, because this challenged norms of female seclusion and the unequal household division of labor" (1995:43). For example, often women have little power over their income because of an inability to separate business and household accounts. There may be pressures from within the household to spend income, or funds may be appropriated by husbands or parents. Through savings mechanisms, safe deposit boxes, or other safe keeping measures, "women's collective action groups, cooperatives; and savings unions can be regarded as possible mechanisms to protect income and other resources for use in meeting critical needs" (Bruce, 1989b:989).

Limitations of Programs

The criticisms that have been made about programs that aim to use social capital and microenterprise to empower women in Latin America are similar to those that resonate throughout the discipline of development. The two primary criticisms are that programs tend to address direct and short-term benefits rather than longer term, opportunity-expanding benefits and that programs rarely address the root, structural causes of poverty and powerlessness. Buvinic criticizes the path that many funders have taken, saying, "Such projects reach relatively few women, are usually difficult to replicate on a larger scale, and have little sustained impact in the face of policy and institutional constraints" (1989:1046).

Summary of Chapter 3

Tables 3.1 through 3.4 provide an overview of the usefulness of social capital to microenterprise development as suggested by the evidence in the literature reviewed. It shows how a variety of types of social relationships generate benefits and resources that contribute to the goals of different microenterprise development projects. Some of these benefits, such as the cost effectiveness of bulk producing, processing, marketing and shipping are realized through the sheer number of producers banding together. Larger groups are able to conduct business more efficiently than single entrepreneurs. Groups of producers also have greater access to vertical relationships that can increase the likelihood of microenterprise success. Links with marketing service providers and alternative trade organizations are examples of these relationships. Other benefits may be less apparent, but are of equal importance or value. For example, the way that social norms, trust and sanctions can be an effective force for the promotion and enforcement of sustainable activities, in terms of environmental longevity and preservation is also a great potential benefit realized through social relationships. Perhaps the most profound benefit, though one realized over the relatively long term, is that of empowerment. While many economic and market objectives of programs are assumed to make contributions to empowerment, through greater control over resources and a greater voice in public and household decision making, it has been cautioned that this translation is not automatic or inevitable. This chapter has also highlighted gender issues as unique considerations in the sphere of microenterprise development. Women face particular constraints in developing their own microenterprise activities, and how social capital can assist groups of individuals sidestep or overcome these constraints has been emphasized.

Table 3.1. **The Usefulness of Social Capital to Developing Financial Services**

Goal of ME Programs	Source of Social Capital	Benefits that contribute to Goals of ME Programs	Potential Disadvantages
Financial Services	Group	• Bulk processing of small loans (Berger, 1989) • Features tailored to client groups (Bruce, 1989) • Savings components increase ownership over loan program (Bennett, 1995)	• Limits loan amounts to individuals (Ferguson, 2000) • Potential burden of repaying someone else's loan (Ferguson, 2000) • Diffused ownership can limit repayment rates (Bennet, 1995)
	Cooperative	• Information assets replace the need for a credit history or collateral (Tendler, 1989) • Trust, norms, influence and sanctions increase repayment rates (• Joint liability • Development of credit history (Edgcomb et al., 1998; Bennett et al., 1996)	

Table 3.2. **The Usefulness of Social Capital to Promoting Environmental Sustainability**

Goal of ME Programs	Source of Social Capital	Benefits that contribute to Goals of ME Programs	Potential Disadvantages
Environmental Sustainability	Joint ownership of public resources	• Trust, norms and sanctions can discourage actions that are detrimental to the group (Pretty, 2001) • Group power to limit individual access to programs and resources (Anderson, et al., 2001)	Free rider effect, (Pretty et al., 2001)
	Coops Community	• Community development projects that improve environmental quality (Dasgupta, et al., 1994)	
	Coops/ Solidarity groups	• Lobbying for women's rights and empowerment in terms of female ownership of resources can improve women's environmental stewardship (Jackson, 1993) • Women's participation can ensure policy addresses real issues associated with exploiting environmental resources (Gisbert, 1994)	

Table 3.3. **The Usefulness of Social Capital to Improving Market Position**

Goal of ME Programs	Source of Social Capital	Benefits that contribute to Goals of ME Programs	Potential Disadvantages
Improved Market position	Solidarity group based on ethnicity	• Commoditization of culture (Stephen, 1991) • Inheritance of networks and marketing resources (Kyle, 1999)	Strict criteria for in-group members
	Vertical linkages with Marketing Intermediary	• Links with buyers, locally, nationally and internationally (Mikkelsen, 1999) • Ethnic, gender, and socio-economic intermediation (McVay, 1999) • Ancillary services otherwise unavailable (McVay, 1999; Mikkelsen, 1999) • Information - market research, product development, buyer demands (McVay, 1999; Mikkelsen, 1999)	
	Groups	• Shorten the intermediary chain (McVay, 1999) • Better prices, greater reliability, honest weights, (Tendler, 1988) • Access to marketing technology/advice (McVay, 1999) • Bulking items for sale (Gisbert, 1994)	

Table 3.4. **The Usefulness of Social Capital to Empowerment**

Goal of ME Programs	Source of Social Capital	Benefits that contribute to Goals of ME Programs	Potential Disadvantages
Empowerment	Coops	Income Generation: • Greater control over resources can result in more power and greater participation in community and household decision making (Morgan, 1996) • Unintentional consequences of income generation groups may be sources of empowerment (Mayoux, 1992)	• Income generation does not always equate to control over income (Mayoux, 1992) • Link between income and empowerment must be proven – not assumed (Goetz et al., 1994; Roy et al., 1996; Mayoux, 1992; Moghadam, 1992)) • Market approaches may be used as a politically safe alternative to, and at the expense of, empowerment approaches (Mayoux, 1992)
	Training Groups	Enhancement of Skills and Knowledge: • Skills can increase potential for income generation and control over resources • Training allows women to communicate and affords opportunities for networking (Gisbert et al., 1994; Mayoux, 1995)	• Programs often focus on a narrow focus of traditional women's skills which result in low paying activities (Mayoux, 1995) • May emphasize individual level determinants of well-being • Programs may be time consuming and less accessible to poorer women (Mayoux, 1995)
	Coops/ solidarity groups	Collective Action: • More likely to sustain participation in projects (Gisbert et al., 1994) • Economic organization can translate into organization around other issues that affect women (Bruce, 1989) • Women's sphere expands (Mayoux, 1992)	

Chapter 4: Illustrative Example #1 – Evidence of 'The Social' : Experiences from Ecuador

Tejemujeres es una cooperativa de produccion aresanal fundada en 1992. Actualmente la integran ciento veinte mujueres unidas en al actividad del tejido con el fin de mejorar las condiciones economicas-sociales de su familia, comunidad y sociedad.

Tejemujeres is a artesanal production cooperative founded in 1992. At present, it brings together one hundred and twenty women through their weaving activities with the objective of improving socio-economic conditions of their families, communities and society (Tejemujeres, 2001)

Introduction

This chapter provides an example of cooperative activity in the Ecuadorian province of Azuay that has contributed to both the market and empowerment aims of microenterprise development. It emphasizes how social changes and movements have affected the potential for, and development of, social capital within a community. Three forces in the social environment are particularly relevant to Azuay, and will be the focus of this discussion. These forces include 1) notions of race and ethnicity; 2) religion and the emergence of liberation theology, and finally, 3) migration from the province. This section will then describe how social capital, or the resources embedded in social relationships, enable women to organize themselves and make positive changes in the way they generated income for themselves. While this discussion takes a single cooperative as a frame of reference, it draws widely on various social forces that have impacted groups and individuals throughout the southern region of Ecuador. The examination of these social forces provides insight into the context of the illustrative example by synthesizing published studies on relevant topics. This section concludes with a discussion of how these social forces, in terms of their impacts on the development and maintenance of social capital, have affected the way that women engage in microenterprise.

Background on my involvement with the Women's Cooperative

My interest in the significance of social capital to health and economic well-being started in 1999, while I worked for the Ministry of Health in the southern highlands of Ecuador. I was involved in the preparations for a development project called Health, Environment and Tourism in Gualaceo (SATAGU). Underlying the mandate of the project was the recognition that the provision of health services, and other emphases within the biomedical model of health, are not the sole responsibilities of an institution looking to improve health standards on a more universal basis. This goal must be addressed through economic, sociocultural, environmental, as well as biomedical, determinants of health. One of the primary objectives of SATAGU was to actively promote and support the social organization of communities by encouraging popular participation in community groups and initiatives. The project outline differentiates between formal and informal social organizations but recognizes both as integral to the success of health development in Gualaceo. Formal organizations include nongovernmental and governmental agencies, while informal organizations refer to family, clubs, community leagues and committees at the community level that contribute to solidarity (Munoz, 1996). The project philosophy emphasizes that a social organization is not a static entity that exists outside of the community members; it is shaped and controlled, created and destroyed by them. Therefore, social organization, above and beyond its manifestation as groups working toward a common purpose, is conceived generally as a process of mobilizing a variety of internal and external resources to recognize and solve problems experienced by participants (Munoz, 1996).

Description of the Cooperative

In the communities of the Gualaceo region, many women earn cash income by knitting sweaters and selling them to export companies who in turn seek out domestic and foreign markets. In the past, the women have dealt with these export companies on an individual basis. During my stay in this area, I became familiar with women who were involved in organizations formed locally to deal collectively with the export companies. The creation of working and negotiating cooperatives has enabled the women to increase their bargaining power, reduce the inter-worker competition that increased workloads for some women, and increase the per-sweater profit. Although more pay for less work is a significant advancement, the benefits of the cooperatives do not stop there. Women in the groups have extended their collective power to other spheres of their lives and the lives of others in the community. These benefits will be discussed in detail later in this section.

The Relevance of the Cooperative to Health Promotion

This example illustrates the interconnectedness of the determinants of health and how health promotion objectives can be reached through a model for small scale and microenterprise development that incorporates social capital theory. This experience suggests that economic development may be an expedient and suitable vehicle for other initiatives, particularly in impoverished areas. As Alice Purdy et al. suggest, "only when groups have expressed their top priorities (which do not usually include health), and in doing so have built a mutually affirming dialogue with the development agency [or their representatives], is it appropriate to initiate discussion on specific health concerns" (Purdy AF Bahadur-Adhikari G., 1994:342).

Characteristics of the Ecuadorian/Azuayan Context and Impacts on the Development and Maintenance of Social Capital

Race and Ethnicity

The Concept of Social Race. Although the notion of race has become largely irrelevant to work in the social sciences, the concept of social race remains very relevant to the Ecuadorian context. The term 'social race' was first introduced by Charles Wagley, who argues that while race originally referred to assumed inherent, biological characteristics, "groups or categories are socially, not biologically, defined in… American societies…. [These terms] refer more to criteria of social status such as education, wealth, language, and even custom" (Wagley, 1994:13). Furthermore, Wagley contests that "the way people are classified in such social races in a multi-racial society tells us in itself much about the relations between such groups" (1994:13). Thus, social race is a socially constructed phenomenon that is now understood in the social sciences to describe political, economic and social difference rather than inherent, genetic differences.

Social Race in Ecuador: Blanqueamiento and Ethnic Hierarchy. The concept of social race is clearly illustrated by its operationalization in Ecuador via the promotion of 'blanqueamiento' (whitening). Blanqueamiento is based on two main principles: that ethnicity in the context of race and class is highly malleable, and that ethnicities are hierarchical in terms of their social desirability. This hierarchy is based on an understanding of competencies and rights as inherently connected to ethnic indicators of social worthiness such as language, clothing, place of origin, and phenotypical features. The structure of this hierarchy is embedded in Latin America's colonial history that has produced varied ethnic categories comprising a system of 'castas' (castes). Initially, this was a two-tiered system, comprised of 'gente de la razon' (people of reason) and 'naturales de la tierra' (natural people of the land). This system socially separated the white Spaniards from the Indians. It functioned to preserve Spanish domination in the legal and social arenas. The addition of African slaves to society and the miscengation of these groups, increased the complexity of this hierarchy. Indeed, "the process of miscengation produced intermediate groups who were intermediate not only in their physical appearance but also in social status" (Wagley, 1994:16). Africans were considered to be at the bottom of the hierarchy, followed by Zambos (African/Indian), Indians, Mestizos (Indian/Spanish), and finally, the Spanish, who dominated the hierarchy. Blanqueamiento operates on the premise that with ascension of this hierarchy individuals become increasingly 'white' both 'genetically' and socially. However, because genes are not readily identifiable, it specifically refers to the assumption of the characteristics and behavior (language and dress for example) associated with a Spaniard, and the rejection of those associated with 'Indianness'. However, phenotypical features continue to be used as metaphors for racial categories, even in the context of social race. For example, it is common throughout Latin America, that obtaining an education, learning to speak 'proper' Spanish, shedding clothing that identifies one as indigenous, and procuring well-paid employment, are all said to be means to 'whitening' oneself (Bollinger et al., 1994) via the process of 'blanqueamiento'.

In modern Ecuadorian society this complex hierarchy of social classes, articulated in terms of ethnicity, persists. However, although the hierarchy is rigidly defined, it can be conceived of as very flexible in terms of how individuals can manipulate their own identities. An example of this flexibility is offered by de la Torre, who notes that "changing dress and hair style or learning to speak 'proper' Spanish… can transform an Indian into a mestizo…" (1999:2). However inherent the connection between ethnicity and socially desirable or undesirable traits is perceived to be, individuals can move rather fluidly between the categories, with access to resources, and the 'will' to become Mestizo.

Local Understanding of Ethnicity. Despite the fluidity that the concept of social race lends to perceptions of ethnicity, it is not generally understood as a socially constructed phenomenon in Azuay. According to many Azuayans that I spoke with, ethnicity is as inherent and unchanging as the blood that runs through one's veins. For example, a village doctor told me that no indigenous people exist in Azuay. Rather, "there exist cholos who are neither mestizo or indigenous because their blood is mixed. Thus, they are more 'mixed' than indigenous, but less 'mixed' than mestizos" (Elgert, 1999). When I asked where the line is drawn between cholos, mestizos and indigenous people, he laughed and said that he did not know. Thus, the socially produced and mediated indicators of ethnicity and race often continue to be expression of blood quantum. The following are some other examples of how the association between biological, ethnic and socio-economic characteristics is expressed by Azuayans (Elgert, 1999):

- A health official at the Ministry told me that there are no indigenous populations in Azuay, and that is why Azuay has been relatively successful with development efforts. Furthermore, the land in Gualaceo is not good for agriculture, and that is why there are few or no indigenous – because most are farmers.
- A priest that I met said that cholo is another name for indigenous, and that indeed all of the cholos were actually indigenous. He told me that I could differentiate the cholos from the type of clothing they wear.
- A hospital secretary told me that the cholos are not indigenous, but are more mixed than mestizos.
- A village woman, who identifies herself as a chola, says that cholos are a group of indigenous people. She made a distinction between 'black' and 'white' cholos saying that the former group is poorer, and the latter are more like mestizos.

The Impacts of Ethnicity and Racial Discrimination on the Development and Maintenance of Social Capital. Ethnicity is, at least in part, an expression of commonalities pertaining to religion, tradition, ritual and/or experience. Thus, it can be a significant basis for solidarity within groups of people. Fukuyama makes the connection between ethnicity and the creation of social capital by noting that, "shared historical experience can shape informal norms and produce social capital.... Social capital is frequently a byproduct of religion, tradition, shared historical experience, and other factors..." (Fukuyama, 2001:17). However, other ways that ethnicity can contribute to group solidarity are underlined in the context of Ecuador. Two interrelated examples will be discussed here: solidarity as a reaction to racial discrimination and solidarity as a response to the attempt to reflect a mestizaje ideology in state policy.

The differentiation of ethnic categories, and widely accepted stereotypes regarding the traits of people within these categories, give rise to institutionalized racial discrimination. In fact, Casagrande has declared that, "racism in Ecuador is institutionalized to a degree that would shock many oppressed peoples elsewhere" (Casagrande, 1981:261). Qualitative data have been collected and analyzed to show how this racial discrimination is experienced and interpreted by indigneous peoples in Ecuador. One study finding concludes that, "Racial discrimination is understood as the overt and subtle actions and words utilized by white-mestizos, consciously or semi-consciously, to exclude, restrict, or harm Indians" (Torre, 1999:2). Solidarity can emerge as a concerted response to this racial discrimination, oppression and exclusion from society.

The Attempt to Hegemonize the Mestizaje Policy. Another example of how ethnicity has contributed to solidarity in Ecuador is contained by the engineering, and rejection, of a mestizaje policy as a national, hegemonic ideology. The Ecuadorian state uses blanqueamiento in its attempt to create a mestizo national identity thereby unifying Ecuadorians into one people under the auspice of nationalism. The transformation of Ecuadorians into the mestizaje nation requires not only the widespread impacts of blanqueamiento to be realized, but also the historical justification for this unity. The justification is based on the theoretical development of Ecuador into the country as it is found today by the combination of both Indian and Spanish contributions. Therefore, proponents of the mestizaje policy do not encourage a disregard for Indigenous history and culture, but promote a view of it as a part of the past – glorified but antiquated. A past president of Ecuador, General Guillermo Rodriguez Lara, expressed the goal of blanqueamiento unto a nation of mestizaje. After claiming that he possessed Indian blood, Lara proclaimed that, "there is no more Indian problem, we all become white when we accept the goals of national culture" (Stutzman, 1981:45).

Mestizaje is the state's attempt to make Lara's sentiment part of the hegemonic discourse, but has largely failed to do so. There are several reasons for this failure. Countries emerging from colonialism have been left with arbitrary borders, and diverse populations. In Ecuador, this has resulted in a state that is ill equipped to foster nationalism because it lacks a homogenous perspective on behalf of citizens. Furthermore, blanqueamiento can be successful in eradicating ethnicities by incorporating them into the dominant culture, only if society is willing to accept the process as legitimate. However, as previously discussed, a strong sense of ethnicity through which people, especially Indigenous and African-Ecuadorians, are differentiated and marginalized continues to exist. The attempt to incorporate the dominant group with what bears persistent consideration as an inferior group is an insurmountable obstacle to the creation of a unified mestizaje nation. Moreover, it has been widely asserted that the history of a 'people' in the context of forming a nation, often entails more forgetting than remembering. In the case of Indigenous groups occupying Ecuadorian territory, whose past and present is wrought with social injustice and suffering, forgetting may be a long and difficult process, if it is possible at all. Furthermore, forgetting may be perceived as denying indigenous history and thus prove to be a renegotiated form of colonialism.

Because of these technical problems with blanqueamiento, its social implication for Indigenous Ecuadorians has largely been absorption into the dominant culture as lower class citizens, with second-class rights and access to resources. Thus, the 1990's have been witness to a significant backlash in response to the attempt to create a mestizaje nation. The rejection of the mestizaje policy has been a part of a larger indigenist movement, known as 'indigenismo'. Through this social movement, Native Ecuadorians are rejecting the notion that blanqueamiento is a desirable transformation. Rather they are seeking rights, recognition and improved status in society through the emphasis on, instead of the rejection of, their unique ethnicity as distinct from the dominant culture. The assertion of unique identity has resulted in the fortification of traditions, and the 'creation' of traditions in defense of the Indigenous nation and against mestizaje. An important manifestation of this movement has been the Levantamiento Nacional Indigena ('Indian Uprisings') of the early 1990's. The systematic and institutionalized racial discrimination, in conjunction with the elites' attempt to make the claim to a unique indigenous identity obsolete, contributed to these revolts.

De la Torre explains how discrimination and marginalization, combined with the attempt to make mestizaje the dominant Ecuadorian national discourse, has contributed to the emergence of Indigenous solidarity:

> Since the late 1970s Indians who have had access to education and who are politicized representatives of their communities have become leaders. They have created autonomous organizations (from the left and from the Catholic church), through which they are contesting the mestizo national project. They affirm their cultural authenticity by challenging the official images and representations promulgated by the members of the dominant culture. For the first time, they are controlling the power of their gaze and demanding citizenship rights (1999:12).

Although Ecuador's indigenous population continues to be diverse, their experiences as Indigenous Peoples have enabled them to collectively "use their identity as the basis for vigorous political self-assertion" (Lyons, 2001:15). Thus, while Fukuyama (2001) has discussed how the state apparatus can engineer public policy in order to incubate social capital, this reaction to the ideas surrounding mestizaje illustrates how public policy can also foster solidarity unexpectedly through opposition and protest.

The Catholic Church and the Liberation Theology Movement

A New Emphasis for the Church in Latin America. From the early 1960's, with the spread of liberation theology, the Catholic church and its representatives are increasingly perceived as not only the spiritual and religious centres for rural Latin Americans, but also a source of varying levels of support for mobilizing communities for social, economic and political development. People's material needs, Liberationists argue, should not be overlooked by religion and religious organizations in trying to provide for their spiritual needs. Lyons describes the emergence of this movement in Ecuador:

> The church shifted from a socially conservative, otherworldly theological orientation focused on salvation of the soul through the sacraments to a discourse first of development and then of liberation. Church leaders came to view much of popular religion, including the saints' feasts, as not only superstitious but alienating and oppressive. The Catholic Church supported indigenous land struggles and divested the institution of most of its landholdings… (Lyons, 2001:12).

The most notable politico-economic influence of the Catholic Liberation movement has involved the address of labor and land issues. However, in the province of Azuay, the involvement of priests in organizing groups around income generating activity has been noted (Richards, 2000a). Richards discusses 'economic advancement projects' as one aspect of socio-economic development that is often engaged by parish priests: "over half of the priests in the diocese have helped initiate producer co-ops or have sponsored skill training workshops… in one or more communities in their parishes" (Richards, 2000a:193).

Liberation Theology and Popular Organizations in Latin America. While the Catholic Church within the context of the Liberation Movement is not to be directly identified or equated with popular organizations, it vehemently defends the need for them. Although the formal purpose and logistical operations of popular organizations diverge from those of the Church, "they constitute, in the present history of the country, a much-needed channel for building up the kingdom of God as Christianity preached it" (Romero et al., 1985:11). In Azuay, many parish priests maintain that often initiatives are designed to increase people's standard of living at the expense of building and maintaining social relationships. The need for a moral order that emphasizes 'communitarianism' is thus overridden at the expense of those in the community who experience the most need. This argument concludes, "poor people will remain poor or only achieve relatively limited gains in their abilities to meet survival needs… unless they undertake change collectively" (Richards, 2000b:23).

The Church's Role in Building Social Capital in Azuay. Samuel Richards, a sociologist who has conducted extensive research on the work of liberation theologians in Azuay, stated, "the church is definitely the single most important organizing force in the region" (Richards, personal communication, July 23, 2002). This is in part due to an emphasis on shared norms, values and beliefs, reinforced and shaped through ritual and ceremony, which have been widely acknowledged as powerful sources of social capital. However, the secular work of priests and nuns in Azuay has also encouraged the formation and maintenance of social relationships. In doing this, liberation theology has generated solidarity based on other unifying aspects of the human experience. Liberation theology highlights multiple dimensions of shared experience such as poverty and oppression, and builds solidarity based on the conscientization of people around this experience.

Richards found great diversity in the clerical opinions on the role of the church in secular matters such as politics and gender inequality. However, he concludes, "the common thread woven through the ideologies of all of these priests, nuns, and church lay workers… is an unwavering support for communitarian thinking and action…. All believe that everyone would benefit by strengthening moral codes that might give rise to a communitarian-oriented moral order" (Richards, 2000a:197). Some believe that these benefits will be realized in socio-economic terms while others believe that the importance of community and social ties lies in that this is what "Jesus Christ lived and died for" (Richards, 2000a:197). Richards argues that while some spiritual leaders see the promotion of community organization as "religious work, others call it *la promocion humana*, and still others label it 'socio-economic development'" (2000a:197). Regardless of the motivations, be they altruistic or pragmatic, the strong emphasis on the community, collective consciousness and communal action, drives many of the priests in Azuay to take deliberate action to increase the dimensions of social relationships in their communities.

Migration

A Legacy of Migration from Azuay. Migration has become a significant survival strategy for many people in Ecuador. Bilsborrow et al. cite Ecuador's 1964 land reform, and the oil boom in the early seventies as major catalysts to the legacy of migration as a survival strategy in Ecuador (Bilsborrow et al., 1987). As in many developing countries rural/rural and rural/urban migration were the initial manifestations of this survival strategy. With the abolition of the huasipungo system, permanent servant labour was replaced by seasonal temporary labour requirements on larger farms. The need to seek survival mechanisms outside of the individual's home and land was necessitated by the limited redistributive effects of land reform. Small family plots often became inadequate to provide a livelihood. A growing population exacerbated this situation. Commander and Peek note that rural, agricultural life in Ecuador had reached a point where "little additional agricultural labour (could) be absorbed" (Commander et al., 1986). Bilsborrow et al. add, "Land scarcity and population growth had led to high levels of labour intensity on the smaller plots. At the extreme, that is, for the many very small holdings, less than one-fourth of the total available labour time is absorbed on the farm" (Bilsborrow et al., 1987:193).

Together with excess labour for home-based agriculture, the availability of increasing outside opportunities for employment encouraged a growing incidence of migration. In the 1970's a national economy injected with the profits of the oil boom increased the demand for labour and therefore employment opportunities in the cities. As Ecuador came up against its national economic crisis in the 80's and 90's, migration persisted as a survival strategy. However, with the erosion of world oil prices and the acute decline of Ecuador's oil boom, the number of domestic employment opportunities plummeted, and international migration became an increasingly significant factor in explaining the movement of people from some parts of Ecuador.

The Gender Imbalance of Migratory Labourers from Azuay. International migration – particularly to the United States – became, and remains, a major survival strategy for rural families in Azuay. During my visit, the extent to which community members had undertaken migration was great, particularly by the men. In one community, I conducted interviews with members of thirty-three households. Twenty-seven of these households were home to a married couple in which the husband was still alive. Out of these twenty-seven households, eighteen of the husbands were working in the United States. When I asked the village doctors in each of three communities to estimate what percentage of households they thought were affected by international migration, their estimates ranged from 80% to 100% (Elgert, 1999).

While female migration is not rare, and is on the rise, it is male migration that has higher potential social costs in the context of this study. Consider that in a study conducted by Bilsborrow et al., marriage was a major determinant of non-migration among women, but a married man was just as likely to migrate as an unmarried man (1987). The effect of the migration of married males on the development of social capital can be construed in two ways. First, marriage embeds an individual in a host of new responsibilities and commitments to the nuclear family and extended kin. To honour these responsibilities and commitments is to heavily invest in one's own access to social capital. Absenteeism may restrict one's ability to fulfil the expectations that the community has and thus create an environment in which it is difficult or impossible to develop opportunities to nurture social capital. Secondly, the term 'mujer abandonada' (abandoned woman) has become a commonly used reference for the women that are left behind and forgotten by their husbands who have migrated (Elgert, 1999). While some men might return to their wives and children after several years of working abroad, others start new lives, and families, in the United States. With the loss of a husband's income and labor, abandoned women find themselves with the sole responsibility for maintaining the household and family. Thus, they bear a much higher risk of poverty and destitution. Furthermore, absent husbands have the direct result of decreased fertility rates. I met several 'mujeres abandonadas' who felt as though their social positions and future welfares were being compromised by their inability to have larger families (Elgert, 1999).

Other Impacts of Migration on Building and Maintaining Social Capital. The legacy of migration and an increase in the distances traveled in search of employment, and the increase in time spent working outside of the community, has had a dramatic impact on the development of horizontal social capital. One reason for this is simply the absence of a growing number of people from their home communities. Richards comments that, "Since the mid-1980's Azuayans have left their communities in record numbers… people continue to enter and leave their communities on sudden notice for extended periods of time. This type of change directly undermines the possibility of building a solidified base of support in communities" (2000b:201). One Azuayan observed that, "as soon as we form a tight group and prepare to do something for ourselves… people begin to leave and the group falls apart" (Richards, 2000b:201).

Shifting Priorities, Viable Livelihoods, and The Divisive Impact of Growing Economic Disparities. The impact of the economic crisis and the opportunities for migratory labor that ensued, on the formation and maintenance of social capital lies not only explicitly in the absence of men from their communities, but also implicitly in the shift away from a reliance on community for a livelihood and security to a strengthening of self-protectionism and individualism. Outside employment has become an individual solution to the poverty communities collectively face. Richards offers this analysis:

> For labourers, the community ceases to be important. They own a house and land and live within geographic boundaries that others call a 'community' but which they refer to as a 'town'. For peasants, on the other hand, the community is the lifeblood. Relationships with neighbours continue to be important because outside of these same geographic boundaries peasants have no source of income for sustaining their existence (Richards, 2000b:12).

In my discussions with people from the Azuayan communities, another divisive effect has arisen from the migration phenomenon. This effect is the creation of higher degrees of economic disparity within communities. Some of the migrants to the United States send part of their American dollar wages home to their families, while other families are virtually abandoned physically, emotionally and financially. The presence of American dollars in the area is creating a disparity, and those who do not have access to them are finding the prices of goods higher and the availability of goods lower. This was compounded by Ecuador's economic crisis that saw the value of the sucre shrink exponentially, and created an even greater preference for American dollars. The proletarianization of peasant life through migrant labor has had a divisive effect in Azuay, as it diversifies the experience of poverty and the opportunities to respond to it.

Women Working Together – New Promise for Social Capital. While the migratory patterns that have characterized Azuayan communities have presented obstacles to creating some forms of social capital, they have also opened the doors to the creation of other forms. For example, the phenomenon of the abandoned women in Azuay may create a forum based on similar experiences, where women can express, discuss and come to new understandings of their hardships and the causes of them. Ultimately, this interaction could generate a renewed sense of solidarity, a new source of social capital, and encourage collective and cooperative activity. In fact, the formation of strong, successful and long-lived cooperatives in Azuay, as discussed in this paper, are signs that social capital is being built up, and is having positive effects on women's efforts to generate income through microenterprise.

Impacts of Social Capital on the Women's Cooperatives – Market Objectives

Increasing 'Selling Power': Getting a Better Deal through Collective Negotiation

Before the cooperative came into existence, individuals sold their goods to wholesale buyers. Dealing individually resulted in high levels of competition between producers – each worker undercutting others in an effort to ensure sales. The cooperative allows women to deal with larger scale buyers collectively, through a structure that buys and sells goods at a standardized price. This promotes inter-worker cooperation rather than competition, and promotes fairer prices and profit margins for producers.

In an article written for the Women's Development Network Newsletter, a representative of Tejemujeres puts it this way:

> Before the cooperative was formed, the artisans sold their individual production in the local markets to middlemen from other cities. These middlemen, in turn, sold the products in national and international markets. We felt the need to form the cooperative to avoid the system of middlemen, and to sell directly in the foreign markets. During the first months after the cooperative was formed, we still sold to middlemen, but with agreements signed by the parties. Organized this way, we got a better price for our labour (Zhicay, 2000).

Increasing the Availability of Business and Marketing Services through the Cooperatives

There are many ancillary services available to women in the cooperatives that were not available to individuals. These services can often make the work involved with the microenterprise, less arduous and more profitable. For example, collectively negotiating the conditions of sales eases the time and cost burdens of transporting goods to the buyers. Rather than each producer having to absorb the costs of taking the sweaters to a central location – hours away from their villages in some cases – she takes them to an established location in her own village. From this location, each producer's sweaters are picked up and taken to the central location in bulk. This is done at a lower cost and with greater convenience for the women, when compared to individuals transporting their own goods.

Collectively, the women's sweaters are a more viable product for economies of scale. The number of sweaters being produced by the cooperative makes it possible to invest more capital into marketing and seeking out foreign markets in addition to domestic markets. For example, Tejemujeres has a website in both Spanish and English that offers information on the cooperative, their produce and ordering. The creation of this website was made possible through a training seminar offered to cooperatives by Women into the New Network for Entrepreneurial Reinforcement (WINNER). One letter to WINNER claimed "...for us craftswomen of the cooperative... we have had the opportunity to expand our markets by navigating the internet. We hope to know more about these seminars" (Women into the New Network for Entrepreneurial Reinforcement, 2002). It is likely that neither the seminar nor internet technology would be accessible to individual producers.

The cooperative also accesses other business development services that contribute to prosperity in the international market for its members. For example, quality control and quality enhancement are attended to through activities such as seeking out new designs and testing new fibres for use in the women's work. The importance of business development services increases for small producers, as women who already have access to them through cooperatives are increasingly advantaged. The Tejemujeres website claims that, "through quality control (and improving the quality of our products), we have been able to distinguish our product from similar ones" (www.redmujeres.org, 9/16/02).

Impacts of Social Capital on the Women's Cooperatives – Empowerment Objectives

Social Support

In addition to the benefits that collective action has had for the business of individuals, the cooperatives have also had powerful impacts on other aspects of members' lives. Originally addressing primarily economic issues, after years in existence the cooperatives have become women's solidarity groups that have evolved to address social and political issues also. For example, in one community the building which houses the cooperative's business affairs has become an informal and formal meeting place and is now synonymous with social support. Women come here to 'tomar cafecito' (have a coffee) and discuss their daily struggles and help each other reach solutions (Elgert, 1999). By creating an occupational, economically driven cooperative, they have also formed an alliance with others who share many of their hardships.

A Greater Role in Local and Regional Development

As women earn greater and more stable incomes, they are able to invest in their own communities and become more active participants and greater stakeholders in the projects that are undertaken. Indeed, a portion of the income earned by cooperative activities is spent on local community health projects (Ecoknits, 2002). This increases the likelihood that projects contribute to community development according to local priorities, needs and perceptions. When locally experienced needs override those perceived by external entities, sustainable and suitable development is more likely to occur. Furthermore, the cooperatives explicitly aim to address the increasing trend of female out-migration by providing young women with stable work and competitive wages (Tejemujeres, 2001). As young people stay in their communities and experience an expansion in opportunities locally, they will have a vested interest in supporting community development initiatives. Finally, as the cooperatives gain access to power and resources in the region, they can become an increasingly potent force and voice for their members in public advocacy and decision- making processes. This will strengthen the political position of members as the cooperatives continue to be "an active part in forums about local development in the region" (Ecoknits, 2002).

Summary of Chapter 4

This chapter has illustrated how major social forces in society have both undermined and contributed to different forms of social capital that have ultimately facilitated the development of microenterprise activity in Azuay. While migration and historical interpretations of social race have threatened traditional and vertical forms of linkages, both of these forces have opened up avenues for the formation of new relationships within the boundaries of gender and ethnicity. Women have been able to confront their traditional gender roles out of the necessity for survival and by linking with each other. Indigenous people have been able to transcend their social limitations, imposed by discrimination and oppression, through linking with foreign markets. Lastly a new political and theological ideology that has emerged from the centuries of human suffering has thrust an institution that was once thought of as a tool of oppression, into the center of a liberation movement emphasizing social justice through the moral discourse of communitarianism.

This chapter has also shown that working cooperatively has posed many benefits to the entrepreneurial women in Azuay. Their organization has allowed them to achieve standardized pricing for their goods and to access ancillary services that have contributed to the convenience and cost effectiveness of microentrepreneurial activities. By putting their produce together, women have been able to compete in economies of greater scale, and even market internationally. Perhaps the most important benefits expressed by the cooperative workers is the creation of a new forum for women to identify issues that affect them and devise ways to address these issues. Women have described their experience with the cooperatives in Azuay as characterized by increased social support, and greater roles in society through participation in public decision-making.

Chapter 5

Illustrative Example #2 – Evidence of Capital: Experiences in Guatemala

"Estamos consciente que una sola persona jamas encontrara su desarrollo. Entonces, es necessario hacer trabajos collectivamente, organizados, podemos lograr el desarrollo"

"We are conscious that one person alone will never find his or her development. So, it is necessary to work collectively, organized, then we can achieve development" (Sabuc Xalcut, personal communication, November 13, 2002).

Background on Marcelo and the CCDA

The Comite Campesino Del Altiplano (Campesino Committee of the Highlands), CCDA, is a campesino-run and led organization in Guatemala. The CCDA concerns itself with many aspects of campesino life and well-being, but is largely defined by its work with land and labor issues. According to the information pamphlet of the CCDA, "the campesino committee of the Highlands, 'CCDA' is an organization that struggles for the land and labor rights of Mayan peasants in Guatemala." In fact, the activities of the CCDA are many and range from supporting individuals experiencing labor disputes to various community development initiatives. However, land and labor issues are particularly relevant to the current Guatemalan and Mayan reality. This is because many Mayan peasants have been part of a multigenerational legacy of highly skilled, poorly paid, and in many cases landless, plantation workers. The crash of coffee prices that has gripped world markets since the 1980's has put many of these people out of work entirely and disenfranchised them from the only life they have known. Collectively, through the

CCDA, some of these individuals have had the opportunity to challenge unjust labor practices. In some cases campesinos have been able to obtain their own land for cultivation and have thus gained greater control over their own means of survival.

Marcelo Sabuc Xalcut, a member and leader in the CCDA, is also a farmer who works with a collective of small coffee producers. Marcelo visited Canada in November, 2002. The purpose of his visit was two-fold. First, he made presentations at organizations and institutions from coast to coast about the plight of Mayan peasants and the objectives and activities of the CCDA. Secondly, he was promoting the coffee grown by the farmers in his community. While assisting growers to improve the positions of their microenterprises, the cooperative also engages in activities and programs that benefit the whole community. Marcelo spoke to me about four particular aspects of CCDA projects that will be discussed in this chapter: the promotion of fair trade products; the promotion of organically produced crops; a community bank set up to provide credit to local women; and the search for social justice in Guatemala. Our discussions highlighted the fact that even as individual coffee growers, planting, tending and harvesting crops individually, members of the cooperative are able to take advantage of social capital between the growers and more generally in the community. It is the pooling of wills and resources that has made these projects and improvements possible. This chapter will discuss the CCDA's activities and how social capital is a tool to promote their objectives.

Seeking Fair Trade through Marketing and Advocacy Partnerships

One of the most pressing issues for small coffee producers is reaching the marketplace with their produce. Reaching the marketplace is an arduous task that involves defining the product, finding a buyer, shipping the coffee, and arranging for payment. These activities are of increasing importance as the world market is flooded with coffee and prices continue to fall. When the potential buyer is overseas, this process becomes even more complex and difficult for the small producer. The difficulty lies in appropriate and sufficient expertise, producing enough quantity that the process is cost effective, and a basic lack of the resources necessary to initiate the process. Thus, small producers very often end up selling their produce to intermediaries, known to coffee farmers as 'coyotes'. Marcelo comments:

> We have to promote our coffee here in Canada because there are intermediaries, the coyotes for example, that take advantage of the campesino, of the small producer. In the end, they keep all of the profit. What they do with us is they buy the coffee very cheaply and then sell it at a much higher price. They only pay us four dollars for every hundred pounds (Sabuc Xalcut, personal communication, November 13, 2002).

The CCDA has addressed this issue by organizing the producers to collectively market and ship their goods. The organization has also focused on aligning itself with external entities that have been instrumental in advancing the interests of farmers as members of the CCDA. For example, through the CCDA, farmers have established a linkage with the Central American Students' Association (CASA) in the interior of British Columbia. The Association markets and sells the Guatemalan coffee in Canada. CASA manages to pay farmers prices far above average because of a fair trade sales philosophy, and because of supplementary fundraising activities. Furthermore, having this principal linkage saves on shipping costs because all of the coffee sold in Canada can go through this 'port'. This is important because when the CCDA pays a fixed shipping cost per barrel – whether or not it is full. Thus, it is cost effective to ship all Canadian orders together and have CASA ship the coffee to individual Canadian buyers. CASA also supports the political and social struggles of CCDA members by engaging in awareness activities and through the promotion of the fair trade philosophy.

Technical Assistance

The CCDA promotes the development of organically cultivated crops. Organic cultivation benefits the community in several ways. Implementing organic methods of cultivation reduces the need for ancillary products such as special fertilizers, seeds and pesticides. These ancillary products are frequently harmful to the health of consumers and especially producers. For example, Marcelo says that in work on large plantations it is often women who are forced to work, unprotected, with caustic chemical fertilizers and pesticides. It has become commonplace for these women to experience respiratory disease and miscarriages. Organic cultivation thus employs local products and knowledge and eliminates the need for the purchase and use of these items. Without exposure to these chemicals, organic farmers do not suffer these compromises to their health.

Products and practices associated with non-organic farming are also potentially destructive to the health and well-being of the environment. The use of harsh fertilizers can strip soils of naturally occurring nutrients. Long-term use can render soil useless without increasing injections of fertilizer in terms of quantity and frequency. Pesticides can create a similar situation of decreased natural resistance and increased dependence on commercial agricultural implements. Pests, including weeds, insects and animals, regularly exposed to pesticides can build up a tolerance for the noxious agent, becoming stronger and more damaging to crops over time. Pesticides can also degrade air and soil quality. The harmful effects of pesticides on the consumers of non-organic crops are well documented.

Finally, in addition to the health and environmental consequences of using commercial fertilizers and pesticides, Marcelo is also concerned with the economic consequences. When dependence on these chemicals develops, issues of autonomy and choice are brought into question. Because organic farmers do not become dependent on commercial products, they do not integrate their own economies with corporate structures, can maintain economic independence and can have greater control over production and profits.

It is not only the agricultural chemicals that affect the health or producers and environmental well-being and sustainability but also the farming techniques used. For example, the CCDA promotes the growing of shade grown coffee, whereby food trees are planted and grown among the coffee crops. This has several advantages for the producer. Shade grown coffee suggests the presence of some biodiversity, particularly of food crops like bananas, oranges, and avocados – in addition to the cash crops. This promotes better community nutrition and a decrease in absolute dependence on the income from the cash crop for survival. Also, the trees provide a habitat for wildlife and birds, promoting a more diverse ecosystem. The trees also produce extensive and intricate root systems that protect the soil from wind or rain-induced erosion.

Despite the many benefits of organic and sustainable farm practices, the fact remains that it is more labor intensive than commercially dependent, plantation-style techniques. Furthermore, a plot of land will produce more over the short-term using genetically engineered seeds and chemically intensive techniques. Thus, many of the benefits of organic production are realized over the long-term and compromise short-term gain. For these reasons, despite the active promotion of organic farming by the CCDA, some producers choose not to employ these techniques. Marcelo explains: "unfortunately, we, in Guatemala have very little land. So, with such little land, we cannot produce in quantity. But, with the introduction of chemicals and new seeds, the people have seen that we can produce more" (Sabuc Xalcut, personal communication, November 13, 2002).

Social Capital and the Normalization of Organic and Sustainable Techniques

The CCDA conducts education and awareness programs that emphasize the negative implications of non-organic and unsustainable practices for individuals and communities. These efforts have resulted in the increasing normalization and widespread adoption of organic and sustainable cultivation techniques. In conjunction with increased understanding of these implications, there are several ways that social capital increases the individual adoption of those practices that will ultimately benefit the community at large. The first way emphasizes the benefits of becoming a member of what will eventually become a certified organic coffee growers association. While there are currently obstacles to becoming certified, this is one aim of the CCDA. Becoming certified organic will enable the organization to market their coffee as such and will thus capture a specialized and unique target market by differentiating their produce in the marketplace. Furthermore, as certified organic coffee growers, the organization will be able to place their produce in the market at a premium, thereby improving the profits realized by individual growers. For these reasons, there is a significant stake for all growers' produce to be certified organic. The certification process is a rigorous process that involves on-site inspection of production techniques and implements. The growing techniques of some producers put into jeopardy the likelihood that others can be certified, because of the impact that individual growing practices can have on neighboring farms. For example, pesticides used on one farm can drift to other farms. Thus, in addition to the benefits of having membership with the organization of certified organic coffee growers, there is also social pressure for producers to conform to the organic practices, lest the group suffer from the 'deviant', non-organic practices of a select few.

As coffee farmers become more sophisticated in their knowledge about the health and environmental advantages of organic production for the community it becomes increasingly unacceptable for individuals to continue employing damaging substances and techniques in their productive activities. The effects of these actions are not confined to a specific area, or to specific individuals. For example, pests that compromise quality and producer health do not confine themselves to the boundaries of ownership and spread from field to field. So too, does soil, water, and air contamination caused by fertilizers and pesticides inevitably spread from place to place, having large-scale effects on whole communities and regions. Thus, non-conformance with organic and sustainable practices is increasingly seen as a threat against the community and less an individual decision or prerogative.

Ethnicity and identity are also sources of social capital resources that contribute to an increasing use of environmentally sustaining and health promoting agricultural practices. It is becoming widely accepted that organic and environmentally sustainable practices are a link to traditional ways of the Mayan people. There is a renewed pride among farmers that their practices draw on ancient, cultural wisdom and knowledge of elders and ancestors. As the more modern discourse of *organic* and *sustainable* farming is increasingly linked to traditional ways, these practices are linked to the virtual identity of community members. Thus, to not conform is to jeopardize not only trust and norms within the community, but also to compromise identity – defined through the solidarity of the present day community and through the generations that have preceded it.

Women's Community Bank

The CCDA operates a community bank using a portion of the proceeds from coffee sales. Women can approach the bank to obtain credit services. This is an important service because women experience substantial barriers to obtaining credit through 'formal' means. Marcelo emphasizes that the Mayan woman is discriminated against twice by formal loaning agencies such as banks: "…once because she is female and once because she is indigenous" (Sabuc Xalcut, personal communication, November 13, 2002). He also acknowledges the importance of credit for women so that they can engage in income earning, microenterprise activities. Marcelo offers some examples of ways that women can use credit to earn income: "they can buy livestock and raise them to sell, keeping the profit. They can also buy materials to make clothing to sell" (Sabuc Xalcut, personal communication, November 13, 2002).

The community bank offers credit to women at 18% interest compared to the 21% interest charged by the banks. Any five women in the community can form a borrowing group - referred to by Marcelo as a solidarity group. Individual members borrow small sums of money, but the entire group of five promises repayment to the lender (the cooperative). If a payment is missed on any of the individual's loans, then the group is held responsible for the payment, and all members are ineligible for further loans until payments are brought up to date. The system facilitates repayment by enforcing the schedule through a dual contract – one with the lender and one with the group. It also adds social responsibility for repayment to personal responsibility. Marcelo recognizes that this can cause difficulty for some who may have to compensate for the nonpayment of others. For example, it may cut off qualified individuals, who have maintained a regular and reliable repayment schedule, from future credit. It can also jeopardize access of non-repayers to the benefits of social capital within the group, and put at stake public reputation of nonrepayers. However, he emphasizes that the purpose of this credit system is not to further disadvantage women. Rather, the point is to allow the women to use their reputations and relationships with other women in the community as collateral for loans. According to Marcelo, this system "…has functioned very well for our community" (Sabuc Xalcut, personal communication, November 13, 2002).

Empowerment

Increased Access to and Control over Resources

Both the money that has been generated by one community through coffee sales and partnerships that have been formed with international non-governmental organizations have enabled community members to individually and collectively make improvements in their lives in real and everyday ways. Because they have full control over the profits from sales, they have been able to complete projects that have satisfied locally perceived needs in locally appropriate ways. For example, Marcelo says, "with this coffee that we have promoted, we have achieved many things. Before, we only had one horse to work the fields and transport our produce, now, because of the coffee, we have thirty" (Sabuc Xalcut, personal communication, November 13, 2002). While 96% of profits from coffee sales goes directly to the producers, 4% of profits are reserved for community development projects. Increased access to resources has also brought more land under the control of the community for the purposes of cultivation. Through the CCDA, and its networks, the community was able to secure funding from an American Catholic church to purchase three farms for coffee cultivation. Two additional farms were purchased using funds solicited from non-governmental organizations. Both of these developments have made the workload more manageable for farmers, and have considerably increased the production capacity of the community.

Furthermore, these developments have had positive impacts on the health and well-being of community members. For example, nine years ago, only half of the families had access to electrical energy and potable water. Now every community member has electricity in his/her home and everyone has access to potable water. The community was also very isolated as there was no road access and no mechanisms for communication with other communities. Now, there is a telephone available and very recently (during Marcelo's trip to Canada), a new road was constructed that links the community with others.

In Defense of Women's Rights: Land Ownership and Conscientization

The land that the coffee growers use to cultivate their produce is owned collectively, but individuals hold rights to the productive capacity of portions of this land. The Committee is currently looking into how land titles will be individually issued, and private ownership established. Marcelo emphasizes that titles will not be transferred exclusively to the men, but women and whole families will have ownership as well. Female ownership of land is anticipated to have far-reaching effects for women and community well-being. It may result in women experiencing a greater degree of participation in public and household decision making, either through their own demands or an increased recognition of their legitimate interests by the community at large. Women may have greater access to resources such as credit. However, more important than *access* to resources, they will have *control* over resources. This will likely translate into increased power over the forces that affect them, their families and their communities.

The CCDA also designs, organizes and carries out workshops for women that explain in detail their legal, social and political rights. Often, and particularly in rural areas, women's legal rights are pre-empted for various subjective interpretations of their roles, responsibilities, obligations and limitations. Learning about their legal rights and status is the first step toward internalizing, and ultimately acting upon these rights.

The Search for Prosperity and Justice

The activities of the CCDA are ultimately motivated by market and empowerment objectives. Through their activities that promote collective action and commitment to microenterprise, the CCDA is looking to secure the economic viability of a dignified and sustainable livelihood for its members. Also, as is reflected by the name chosen for the coffee produced by the cooperative, Café Justicia!, the organization is seeking social justice in Guatemala. Marcelo emphasizes this point: "Marketing this coffee is not only an economic act. We sell a message with the coffee. With this coffee, we are looking for justice in Guatemala" (Sabuc Xalcut, personal communication, November 13, 2002). The example of the CCDA in Guatemala has shown how social capital is used as an effective tool for the achievement of both the market and empowerment aims of the activities that promote microenterprise development.

Chapter 6

Final Notes

Introduction

This chapter concludes this paper by integrating the concepts presented in each of the preceding chapters to contribute to the critical approach to social capital as a practical concept in development efforts. The finding that social capital is a useful tool in microenterprise development is significant for two main reasons. First, as the nature and mechanisms of this usefulness are demonstrated, planners can come to understand how to better incorporate the consideration of social capital into project designs. Secondly, the growing number and quality of these findings may entice more planners to emphasize strategies that foster the creation and maintenance of positive and productive social relationships in their plans.

The Aims of Microenterprise

The importance of microenterprise as a strategy for poverty reduction and income generation, particularly for women, increased in the 1980's as structural adjustment policies compounded the impacts of poverty. Microenterprise was particularly embraced as it was also seen as a potential vehicle for national economic growth in countries where difficult economic times were exacerbated by increasing trade imbalances and mounting national debts. Practitioners who envisioned poverty as not only a lack of income, but as structurally based powerlessness and oppression, also considered that microenterprise could be a potentially useful mechanism to promote the empowerment of marginalized populations and improve their ability to exercise control over their lives and destinies. Initially, the market and empowerment approaches to development in general, and microenterprise in particular, were interpreted as embodying competing interests. However, they are increasingly seen as compatible approaches, and many planners are taking a greater interest in converging the market and empowerment principles in order to make projects more responsible, ethical and effective. Now, more than ever, microenterprise planning and evaluation involves both market-oriented and empowerment-oriented perspectives.

Approaches to Microenterprise Development

Microenterprise development projects have been characterized by injections of human, physical and financial capital; each has taken a turn as the 'favored child' of planners. For example, training, technology and community banks have all been features of many plans. However, over the last 20 years or so, development researchers and practitioners have contributed to a growing body of work that criticizes each of these approaches for their emphasis on individual-level determinants of poverty and powerlessness. The latest form of capital to be hailed as the "missing link" in development strategies is social capital, or the resources embedded in social relationships. Social capital, however, is far from being a clear-cut or straightforward concept that is easily translated into program strategies. It is represented in many different ways in the literature and there continues to be great debate about its potential, its significance, and its composition. Still in progress to a large extent, the conceptual development of social capital has included divergent discussions about level of analysis, horizontal vs. vertical relationships, ways of measuring social capital, and the impact of gender on the benefits of social capital. While there has been little consensus, these discussions have been useful in recognizing the depth and breadth of social capital theories.

Social Capital and Project Objectives

A literature review uncovered four primary objectives of different microenterprise development projects: the provision of microcredit and financial services; promoting and enabling environmentally sustainable practices; securing markets for products and services; and empowerment. These objectives have been devised in response to what are seen as the major issues attached to microenterprise development among the world's poor, and particularly among the world's poor women. The social capital resources that have emerged in this study address these issues in one way or another by facilitating the achievement of one or more of the four objectives. As these resources are reviewed below, it is evident that there is substantial overlap between them. There is no linear flow between resources and benefits. Rather, each resource has the potential to impact individual and collective lives on many levels and in many different ways.

Pooling and Organizing Transactions

The first resource embedded in social relationships is the ability to be involved with and associated with others in transactions and negotiations. When small entrepreneurs come together they are able to pool their resources in order to access resources and support. They can also pool their expenditures to negotiate better prices and other favorable transactional terms and conditions. For example, by acting together, entrepreneurs can: sell products in bulk and thereby compete in economies of scale; decrease the transaction costs involved in obtaining credit; transport goods more efficiently and cheaply; make purchasing equipment a viable business alternative; and contract valuable marketing services. Organization in this way decreases competition between local producers, increases the competitiveness of producers in domestic and international markets, and increases the likelihood of fairer, more consistent profits.

In both of the illustrative examples taken from Ecuador and Guatemala, producers combine individual transactions into one group transaction and are able to function on a larger scale. Producers are thus able to sell more directly to markets and bypass costly, opportunistic middlemen. By pooling and organizing their deals, both groups negotiate lower prices for inputs such as raw materials and higher prices for their produce than in the past. Furthermore, both groups' products are bound for the international market, and bulk shipping amounts to substantial savings for individuals. The weavers in Azuay were able to pool resources to use the internet for advertising their goods for sale. The internet also helped the women to network and exchange ideas with other producers in similar circumstances. Marcelo tells us about how 4% of all coffee sales in his community are pooled and used to make improvements such as the construction of a road and the purchase of horses. These improvements have made production easier and expansion more possible.

Recognition and Articulation of Specific Needs: Greater Responsiveness of Products and Services

As individuals come together and recognize issues that affect them, they are more likely to have greater input into the features that characterize the products and services that are developed for them. Groups of individuals can become markets themselves and encourage goods and service providers to tailor products, prices and conditions to their specific needs. The development and expansion of marketing service providers is an example of how products and services aimed at small producers have become increasingly responsive to their needs. These providers largely began as non-profit organizations, but in many cases have become self-sustaining, for-profit businesses because of their expedience at meeting the unique requirements of microentrepreneurs.

When larger numbers are associated with the articulation of specific and unique needs, these needs are also more likely to be met by programs and initiatives. Government and non-governmental organizations and agencies are more likely to tailor programs, initiatives and policies to the needs of target groups as those affected come together and are better able to recognize and express their needs. An example of this is the microfinance programs that have features tailored to their particular user groups. While greater voice and demand can result in material differences in the services people use, and thus in the benefits they realize, it can also be internalized and manifest as greater control over the social, political and economic environment that affects the daily lives of individuals.

Collective Identity

Groups of people create unifying identities based on many different factors. These factors can include common ethnicity, similar life experience, common history, moral discourse, or similar circumstances in the face of rapid social change. A collective identity, whether it is based on gender-centric experience, ethnicity or religion, has been shown to be a valuable resource for microenterprise development. In Ecuador, gender specific migration has left women in a precarious position, economically, socially and politically. It is at least in part due to their positions and situations as women within the context of a specific economic reality, that women in Azuay have chosen to form cooperatives allowing them to work together to improve their lives. These cooperatives have been made viable units because of shared historical experience as indigenous women, with a common understanding and experience of racial discrimination, marginalization and oppression. Furthermore, the formation and functioning of these cooperatives has been facilitated by a shared ideology of communitarianism as the proper moral discourse – a discourse espoused by the Liberation Theologians in Azuay.

In Guatemala a collective identity as Mayans with links to ancient Mayan ancestors has facilitated a renewed emphasis on using organic and environmentally sustainable agricultural practices. Being Mayan has come to mean doing things a certain way, which has been construed to mean rejecting modern, chemically intensive practices, and adopting the old approach to agriculture has long-term benefits for the feasibility of extended microenterprise development. In terms of the market-oriented benefits, more lucrative new specialty markets have been tapped by the The Comite Campesino Del

Altiplano (CCDA). Empowerment objectives have also been addressed as community members have greater control over the environmental conditions that affect their health and over legal issues affecting women and ownership.

Influence, Norms and Sanctions

A collective identity can give rise to other social capital resources such as influence, norms and sanctions. When individuals in communities closely identify themselves with other community members, and depend on others for social, political and economic support, they can be subject to an enormous amount of pressure to conform to norms constructed by society. This pressure may be manifest as influence, and failure to adhere to at least some of this influence may result in sanctions that carry a great cost emotionally, socially, and economically. When the norms that are created within a community are beneficial to community members, influence, norms and sanctions can become great resources for microenterprise development.

The work of the CCDA in promoting organic and sustainable farming practices has contributed to a common understanding that individual practices are a social issue. Allegiance to the community, ancestors, and one's ethnic identity is in part expressed through practicing organic and sustainable farming practices that preserve environmental integrity. Community members at large also understand the short and long term health and economic benefits that are expected to accompany these practices. Thus, the influence of the CCDA within the context of its promotion of sustainable practices has functioned to achieve an environment where these practices are increasingly becoming normalized, and where individuals who do not conform to these norms are increasingly subject to sanctions such as social and economic exclusion from the rest of the community. The CCDA has also tapped into the system of influence, norms and sanctions as a set of resources that help them operate and regulate a microcredit program for women entrepreneurs in the community. Joint liability has increased the likelihood of loans being repaid by borrowers without costly and cumbersome contracts or agreements. This mechanism also reduces the transaction costs associated with borrowing for the women.

Access to Social Legitimization

Depending on who is defining the term, social legitimization can mean many different things in as many contexts. At the community level, social legitimization may reflect an increasing acceptance of expanding roles for groups and individuals in both the public and the private spheres. Individuals can also experience greater access to, and inclusion in, formal societal structures. For example, women involved with group loans from community banks may be able to build up credit histories and assets that will enable them to 'graduate' to borrowing relationships with state banks, where they can borrow larger amounts of capital independently. Production-based groups such as unions and cooperatives may become formally recognized by the state and thus have greater access to state-controlled goods and services. In Guatemala, rights to property ownership will allow women a forum in which they can garner public support for their claims and grievances. In Ecuador, women are increasingly viewing themselves as active participants in public processes such as community development projects.

Collective Consciousness

While income generation and asset building are components of the empowerment of the poor, alone they are not sufficient to address the root causes of inequality and do not automatically translate into improvements in peoples' lives. Quantitative returns on investment are realized differentially by different members of households and communities. Making a real difference in the everyday lived reality of oppressed groups such as Indigenous people or women, involves a political process of recognizing and decoding the deliberately engineered inequalities and injustices to which societal structure stubbornly conforms. Consciousness-raising is a process of moving beyond the internalization of poverty and oppression towards questioning the status quo, and thinking in terms of what ought to change in order to improve life circumstances. It involves the development of ideals that reflect alternatives to the dominant discourse. Consciousness-raising is the first step toward expressing dissatisfaction, making demands, actively seeking change and working toward fundamentally restructuring power relationships within households, communities, nations and beyond.

In Guatemala and Ecuador, the cooperatives that have worked toward the market objectives of microenterprise have also been configured to emphasize consciousness-raising around human rights. For example, Tejemujeres has organized workshops and discussion groups around the issue of domestic violence, and how the community's general acceptance of it can be readdressed. The CCDA has also organized seminars for community members that explain, and thus reinforce, the rights of women. Furthermore, the CCDA has taken this concern for gender issues one step further by incorporating women's ownership of land as an integral part of their plan to transfer public farms to private owners. This has important implications for women's plight for greater control over resources, but also has potentially positive outcomes for the entire community. As owners of land, women may be less likely to compromise long-term sustainability for short-term profit, impacting positively on the increasingly widespread acceptance of environmentally sustainable and health promoting agricultural practices.

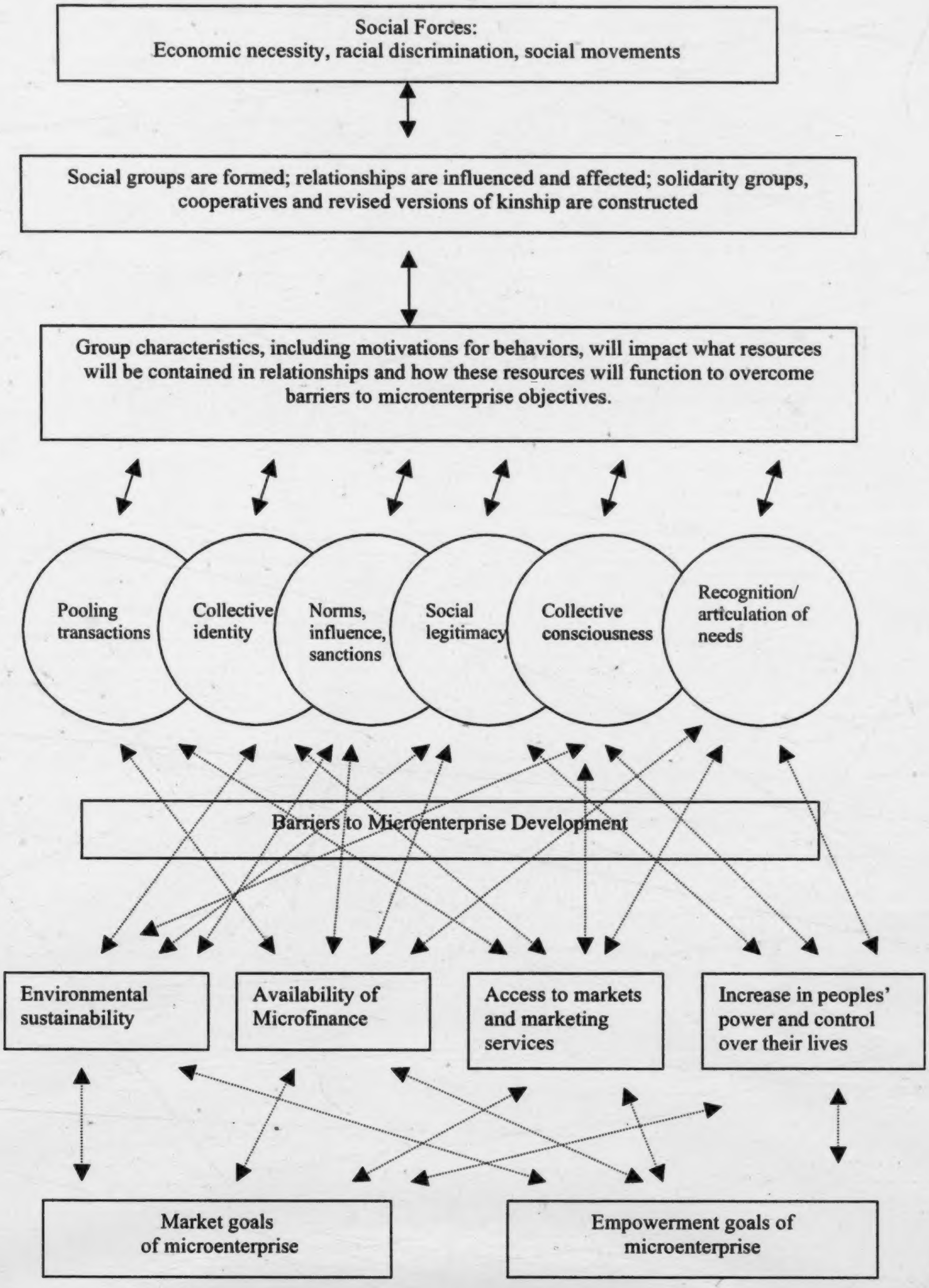
Social Resources and Development

That which is social and that which is economic are not independent spheres of knowledge in practice or theory. The preceding chapters have shown that the complexities of social relationships that make up societies are relevant to economics. The social life and economic life of a community are intertwined and manifest themselves in an iterative process of change. Changes in social structure and organization can have profound impacts on how business is conducted and exchange and profit are sought. Economic change, whether it is bred from within a community or through forces well beyond the control of a community, can have profound impacts on how the members of a community relate to each other and engage in economic transactions. Thus, social capital is relevant to both social and economic development strategies – particularly in terms of the empowerment and market aims of microenterprise development projects. In fact, it has been suggested that while theories, and theorists, are often found positioning themselves in a chicken and egg debate, social and economic development may best be thought of as interdependent. In fact, the concepts and associated approaches may be more useful when carried out in conjunction.

Summary of Chapter 6: Reflecting on Social Capital as a Tool for Microenterprise Development

This review of the resources that are embedded in social relationships has shown that social capital can indeed be a useful tool in the market and empowerment aims of microenterprise development. However, it has also shown that social relationships have many dimensions and not one of these resources is inherent in all of them. Figure 6.1 suggests that these unique social forces shape the development, transformation and breakdown of social capital. Ongoing changes in the macroeconomic arena necessitate flexible and adaptive survival strategies. Policies constructed outside of the community may define the boundaries of what is possible in terms of community action. Each relationship is characterized and shaped by ongoing political, social and economic trajectories and features flexibility and dynamism that maintain its relevance to the individual and congruence with the individual's sense making. These characteristics, such as motivations for behavior, influence what resources will be contained in relationships and how these resources will function to overcome barriers to microenterprise objectives. How the resources are structured and understood by individuals engaged in social relationships in turn, impacts on how they can be tapped to overcome the barriers to specific microenterprise development objectives. Ultimately, reaching the market and empowerment-oriented goals of microenterprise development through utilizing social capital resources depends on an understanding of the complexities of social relationships. The potential of social capital cannot be succinctly characterized in any one way or set of ways, in any two situations. Rather, to accurately project the potential utility of social capital to microenterprise, it is vital to tap into the social fabric that provides context for the formation, maintenance, transformation and erosion of these relationships.

Fig 6.1. **Model for Using Social Capital as a Tool for Microenterprise Development**


Social Forces:
Economic necessity, racial discrimination, social movements
Social groups are formed; relationships are influenced and affected; solidarity groups, cooperatives and revised versions of kinship are constructed
Group characteristics, including motivations for behaviors, will impact what resources will be contained in relationships and how these resources will function to overcome barriers to microenterprise objectives.
Pooling transactions
Collective identity
Norms, influence, sanctions
Social legitimacy
Collective consciousness
Recognition/ articulation of needs
Barriers to Microenterprise Development
Environmental sustainability
Availability of Microfinance
Access to markets and marketing services
Increase in peoples' power and control over their lives
Market goals of microenterprise
Empowerment goals of microenterprise

Bibliography

Amin, R., St.Pierre, M., & Ahmed, A. (2001). Integration of an Essential Services Package (ESP) in Child and Reproductive Health and Family Planning with a Micro-Credit Program for Poor Women: Experience from a Pilot Project in Rural Bangladesh. World Development, 29(9), 1611-1621.

Anderson, C.L., & Locker, L. (2001). Microcredit, Social Capital, and Common Pool Resources. World Development, 30(1), 95-105.

Bachrach Ehlers, T., & Main, K. (1998). Women and the False Promise of Microenterprise. Gender & Society, 12(4), 424-440.

Baud, I.S.A. (1993). Introduction: Gender Aspects of Small Scale Industry and Development Policy. In I. S. A. Baud & G. A. de Bruijne (Eds.), Gender, Small-Scale Industry and Development Policy. (pp. 3-15). London: Intermediate Technology Publications.

Baydas, M.M., Meyer, R.L., & Aguilera-Alfred, N. (1994). Credit Rationing in Small-Scale Enterprises: Special Microenterprise Programmes in Ecuador. The Journal of Development Studies, 31(2), 279-309.

Bennett, L., Goldberg, M., & Hunte, P. (1995). Group Based Financial Services Models: Lessons from Five South Asian NGO's. Talking Notes for Conference on Finance Against Poverty at Reading University, Reading, U.K. March 27-28.

Bennett, L., Goldberg, M., & Hunte, P. (1996). Ownership and Sustainability: Lessons on Group-Based Financial Services from South Asia. Journal of International Development, 8(2), 271-288.

Benton, J. (1993). The Role of Women's Organisations and Groups in Community Development. In J. Henshall Momsen & V. Kinnaird (Eds.), Different Places, Different Voices: Gender and development in Africa, Asia and Latin America. (pp. 230-242). London and New York: Routledge.

Berger, M. (1989). Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty. World Development, 17(7), 1017-1032.

Biggart, N.W., & Castanias, R.P. (2001). Collateralized Social Relations: The Social in Economic Calculation. American Journal of Economics and Sociology, 60(2), 471-500.

Bilsborrow, R.E., McDevitt, T.M., Kossoudji, S., & Fuller, R. (1987). The Impact of Origin Community Charachteristics on Rural-Urban out-Migration in a Developing Country. Demography, 24(2), 191-210.

Birdsall, N. (1998). Life is Unfair: Inequality in the World. Foreign Policy, 111(Summer), 76-93.

Blau, P.M. (1977). Inequality and Heterogeneity: A Primitive Theory of Social Structure. Free Press.

Bollinger, W., & Lund, D.M. (1994). Minority Oppression: Toward Analyses that Clarify and Strategies that Liberate. In J. I. Dominguez (Ed.), Race and Ethnicity in Latin America: Essays on Mexico, Central and South America. (pp. 218-244). New York & London: Garland Publishing Inc.

Bordieu, P. (1986). The Forms of Capital. In John G.Richardson (Ed.), Handbook of Theory and Research for the Sociology of Education. (pp. 241-258). New York: Greenwood Press.

Bromley, D.W. (1991). Environment and Economy. Property Rights and Public Policy. Oxford, UK: Basil Blackwell.

Bruce, J. (1989a). Market Women's Cooperatives: Giving Women Credit in Nicaragua. In A. Leonard (Ed.), Seeds: Supporting women's Work in the Third World. (pp. 123-138). New York: The Feminist Press at The City University of New York.

Bruce, J. (1989b). Homes Divided. World Development, 17(7), 979-991.

Burt, R.S. (2002). Structural Holes: The Social Structure of Competition. Cambridge: Harvard University Press.

Butler, C.F. (1987). Income Generation Projects for Rural Women. In Carmen Diana Deere and Magdalena Leon (Ed.), Rural Women and State Policy: Feminist Perspectives on Latin American Agricultural Development. (pp. 212-238). Boulder and London: Westview Press.

Buvinic, M. (1989). Investing in Poor Women: The Psychology of Donor Support. World Development, 17(7), 1045-1057.

Carr, M. (1993). Women in Small-Scale Industries - Some Lessons from Africa. In I. S. A. Baud & G. A. de Bruijne (Eds.), Gender, Small-Scale Industry and Development Policy. (pp. 109-115). London: Intermediate Technology Publications.

Casagrande, J.B. (1981). Strategies for Survival: The Indians of Highland Ecuador. In N. E. Whitten (Ed.), Cultural Transformations and Ethnicity in Modern Ecuador. (pp. 260-277). Urbana: University of Illinois Press.

Cohen, M. (1995). Seed Money - Poverty Scheme Fuels both Enterprise and Red Tape. Far Eastern Economic Review, 158(February), 24-25.

Coleman, J.S. (1988). Social Capital in the Creation of Human Capital. American Journal of Sociology, 94, S95-S120

Coleman, J.S. (1990). Foundations of Social Theory. Cambridge: Harvard University Press.

Collins, J.L. (1991). Women and the Environment: Social Reproduction and Sustainable Development. In R. S. Gallin & A. Ferguson (Eds.), The Women and International Development Annual, Volume 2. (pp. 33-57). Boulder, San Francisco and Oxford: Westview Press.

Commander, S., & Peek, P. (1986). Oil Exports, Agrarian Change and the Rural Labor Process: The Ecuadorian Sierra in the 1970's. World Development, 14 (January), 79-96.

Creevey, L. (1996). Changing Women's Lives and Work. London: Intermediate Technology Publications.

Dasgupta, P., & Goran-Maler, K. (1994). Poverty, Institutions and the Environmental Resource Base. Washington, D.C.: World Bank.

Davis, S., & Partridge, W. (1994). Promoting the Development of Indigenous People in Latin America. Finance and Development, 31(Mar), 38-40.

De Janvry, A.,& Garcia, R. (1988). Rural Poverty and Environmental Degradation in Latin America. Paper presented at the IFAD Conference on Smallholders and Sustainable Development, Rome.

De los Angeles Crummett, M. (1983). Rural Women and Migration in Latin America. In Carmen Diana Deere and Magdalena Leon (Ed.), Rural Women and State Policy: Feminist Perspectives on Latin American Agricultural Development. London: Westview Press.

Dey, J. (1982). Development Planning in the Gambia: The Gap Between Planners' and Farmers' Perceptions, Expectations and Objectives. World Development, 10(5)

Ecoknits, Cia., Ltd. (2002). Homepage. Retrieved July 6, 2002, from http://members.tripod.com/~ecoknits/

Edgcomb, E., & Barton, L. (1998). Social Intermediation and Microfinance Programs: A Literature Review. Retrieved July 4, 2002, from http://www.mip.org/pdfs/mbp/social.pdf.

El-Bushra, J. (2000). Rethinking Gender and Development Practice for the Twenty-First Century. In Caroline Sweetman (Ed.), Gender in the 21st Century. (pp. 55-62). Oxford: Oxfam.

Elgert, L. (1999). Health Development in Gualaceo. Report submitted to the Ministry of Health, Azuay, Ecuador.

Fair Trade Resource Network. (2002). Homepage. Retrieved September 9, 2002, from http://fairtraderesource.org/resources.html

Ferguson, G. (2000). Micro-credit in Managua, Nicaragua: Assessing the Effectiveness of Small-Scale Lending as a Socio-Economic Development Tool. Retrieved June 15, 2002 from http://www.fog.org.ni/Contacts/GretchenFerguson/Report/.

Fudenberg, D., & Tirole, J. (1991). Game Theory. Cambridge: MIT Press.

Fukuyama, F. (2000). Social Capital and Civil Society. International Monetary Fund. IMF Working Paper WP/00/74,

Fukuyama, F. (2001). Social Capital, Civil Society and Development. Third World Quarterly, 22(1), 7-20.

Ghafar Ismail, A., & Zakiah Ahmad, N. (1997). Pawnshop as an Instrument of Microenterprise Credit in Malaysia. International Journal of Social Economics, 24(11), 1343-1352.

Gisbert, M.E., Painter, M., & Quiton, M. (1994). Gender Issues Associated with Labor Migration and Dependence on Off-Farm Income in Rural Bolivia. Human Organization, 53(2), 110-122.

Gladwin, C.H. (1993). Women and Structural Adjustment in a Global Economy. In A. F. J. H. Rita S.Gallin (Ed.), The Women and International Development Annual, Vol 3. Oxford: Westview Press.

Goetz, E.G., & Sidney, M. (1994). Revenge of the Property Owners: Community Development and the Politics of Property. Journal of Urban Affairs, 16(4), 319-334.

Goldmark, L. (2001). Microenterprise Development in Latin America: Towards a New Flexibility. Journal of Socio-Economics, 30(2), 145-146.

Granovetter, M. (1985). Economic Action and Social Structure: The Problem of Embeddedness. American Journal of Sociology, 91, 481-510.

Grasmuck, S., & Grosfoguel, R. (1997). Geopolitics, Economic Niches, and Gendered Social Capital among Recent Caribbean Immigrants in New York City. Sociological Perspectives, 40(3), 339-363.

Gregoire, H. (1998). Saving Time: Rural Honduran Women Working for Change. WE International, 42/43(Fall/Winter), 28-30.

Grootaert, C. (1998). Social Capital: the Missing Link: The World Bank Social Capital Initiative, Working Paper No.3. The World Bank.

Gutierrez, G. (1974). A Theology of Liberation. London: SCM Press Ltd.

Haynes Jr., C., & Nembhard, J.G. (1999). Cooperative Economics - A Community Reviatalization Strategy. Review of Black Political Economy, 27(1), 47-71.

Hays-Mitchell, M. (1999). From Survivor to Entrepreneur: Gendered Dimensions of Microenterprise Development in Peru. Environment and Planning, 31, 251-271.

Helliwell, J., & Putnam, R. (1995). Economic Growth and Social Capital in Italy. Eastern Economic Journal, 21, 295-307.

Hulme, D., & Mosley, P. (1996). Finance Against Poverty. New York: Routledge.

Huntoon, L. (2001). Government Use of Nonprofit Organizations to Build Social Capital. Journal of Socio-Economics, 30(2), 157-160.

Jackson, C. (1993). Doing What Comes Naturally? Women and Environment in Development. World Development, 21(12), 1947-1963.

Kawachi, I., Kennedy, B.P., Lochner, K., & Prothrow-Stith, D. (1997). Social Capital, Income Inequality and Mortality. American Journal of Public Health, 87(9), 1491-1498.

Kevane, M., & Wydick, W.B. (2001). Microenterprise Lending to Female Entrepreneurs: Sacrificing Economic Growth for Poverty Alleviation? World Development, 29(7), 1225-1236.

Knack, S., & Keefer, P. (1997). Does Social Capital have an Economic Payoff? A Cross-Country Investigation. Quarterly Journal of Economics, 112(4), 1251-1289.

Kyle, D. (1999). The Otavalo Trade Diaspora: Social Capital and Transnational Entrepreneurship. Ethnic and Racial Studies, 22(2), 422-477.

Labonte, Ronald. (1993). Health Promotion and Empowerment: Practice Frameworks. Toronto: University of Toronto.

Laverack, G., & Labonte, R. (2000). A Planning Framework for Community Empowerment Goals Within Health Promotion. Health Policy and Planning, 15(3), 255-262.

Lin, N. (1995). Social Resources and Social Mobility: A Structural Theory of Status Attainment. In Ronald L.Breiger (Ed.), Social Mobility and Social Structure. (pp. 241-271). New York, Cambridge: University Press.

Lomas, J. (1998). Social Capital and Health: Implications for Public Health and Epidemiology. Social Science and Medicine, 47(9), 1181-1188.

Lyons, B.J. (2001). Religion, Authority, and Identity: Intergenerational Politics, Ethnic Resurgence, and Respect in Chimborazo, Ecuador. Latin American Research Review, 36(1), 7-48.

Mayoux, L. (1988). All are Not Equal: African Women in Cooperatives. In L. Mayoux (Ed.), All are Not Equal: African Women in Cooperatives. (pp. 3-20). London: Institute for African Alternatives.

Mayoux, L. (1992). Tackling the Down Side: Social Capital, Women's Empowerment and Micro-Finance in Cameroon. Development and Change, 32, 435-464.

Mayoux, L. (1995). From Vicious to Virtuous Circles? Gender and Micro-Enterprise Development. Occasional Paper, Fourth World Conference on Women, Beijing. Geneva: United Nations Research Institute for Social Development and United Nations Development Program.

McPherson, J.M., & Smith-Lovin, L. (1986). Sex Segregation in Voluntary Associations. American Sociological Review, 51, 61-79.

McVay, M. (1999). Microenterprise Marketing: Trends, Lessons Learned, and Challenges. Washington, D.C.: The SEEP Network.

Meinzen-Dick, R.S., Brown, L.R., Sims Feldstein, Hilary, & Quisumbing, A.R. (1997). Gender, Property Rights, and Natural Resources. World Development, 25(8), 1303-1315.

Mikkelsen, L. (1999). Good Practices in Marketing for Micro and Small Enterprise Products: Cases from Latin America. Washington, D.C.: Inter-American Development Bank.

Moghadam, V.M. (1992). Development and Women's Emancipation: Is There a Connection? Development and Change, 23(3), 215-255.

Munoz, O. (1996). Reforma Local en Salud: Experiencias Locales en Azuay. Cuenca: Direccion de Salud del Azuay.

Muntaner, C. (2000). Social Capital and the Third Way in Public Health. Critical Public Health, 10(2), 107-124.

Narayan, D., & Pritchett, L. (1999). Cents and Sociability: Household Income and Social Capital in Rural Tanzania. Economic Development and Cultural Change, 47, 871-897.

Palloni, A., Massey, D.S., Ceballos, M., Espinosa, K., & Spittel, M. (2001). Social Capital and International Migration: A Test Using Information on Family Networks. American Journal of Sociology, 106(5), 1262-1298.

Phillips, L. (1987). Women, Development, and the State in Rural Ecuador. In Carmen Diana Deere and Magdalena Leon (Ed.), Rural Women and State Policy: Feminist Perspectives on Latin American Agricultural Development. (pp. 105-123). Boulder and London: Westview Press.

Popielarz, P.A. (1999). Organizational Constraints on Personal Network Formation. Research in the Sociology of Organizations, 24, 1-24.

Portes, A., & Mooney, M. (2000). Social Capital and Community Development. Princeton University: The Center for Migration and Development. 00-08,

Pretty, J., & Ward, H. (2001). Social Capital and the Environment. World Development, 29(2), 209-227.

Purdy AF Bahadur-Adhikari G., R.S.A.a.C.P.W. (1994). Participatory Health Development in Rural Nepal: Clarifying the Process of Community Empowerment. Health Education Quarterly, 21(3), 329-343.

Putnam, R.D. (1995). Bowling Alone: America's Declining Social Capital. Current, Jun95(373), 3-9.

Rath, A. (1990). Science, Technology, and Policy in the Periphery: A Perspective from the Centre. World Development, 18(Nov), 1429-1443.

Reinke, J. (1998). Does Solidarity Pay? The Case of the Small Enterprise Foundation, South Africa. Development and Change, 29(3), 553-576.

Renzulli, L., Aldrich, H., & Moody, J. (2000). Family Matters: Gender, Networks, and Entrpreneurial Outcomes. Social Forces, 79(2), 523-546.

Reskin, B. (1993). Sex Segregation in the Workplace. Annual Review of Sociology, 19, 241-270.

Rice, R.A. (2001). Noble Goals and Challenging Terrain: Organic and Fair Trade Coffee Movements in the Global Marketplace. Journal of Agricultural and Environmental Ethics, 14, 39-66.

Richards, S. (2000a). Socioeconomic Change and Leadership in the Catholic Church in Azuay, Ecuador. In J. Burdick & W. E. Hewitt (Eds.), The Church at the Grassroots in Latin America: Perspectives on Thirty Years of Activism. (pp. 183-204). Westport, Connecticut, London: Praeger.

Richards, S. (2000b). The Long Step: From Moral Discourse to Communitarian Praxis. (un pub)

Romero, O., & Martín-Baró, I.a.S.J. (1985). Voice of the Voiceless : the Four Pastoral Letters and Other Statements. Maryknoll, N.Y.: Orbis Books.

Roy, K.C., Blomqvist, H.C., & Tisdell, C.A. (1996). Economic Development and Women: An Overview of Issues. In K. C. Roy, C. A. Tisdell, & H. C. Blomqvist (Eds.), Economic Development and Women in the World Community. (pp. 1-24). Westport: Praeger Publishers.

Safa, H.I., & De los Angeles Crummett, M. (1996). The Magic of the Market and the Price Women Pay: Examples from Latin America and the Caribbean. In K. C. Roy, C. A. Tisdell, & H. C. Blomqvist (Eds.), Economic Development and Women in the World Community. (pp. 183-196). Westport: Praeger Publishers.

Sandefur, R.L., & Laumann, E.O. (1998). A Paradigm for Social Capital. Rationality & Society, 10(4), 481-501.

Scott, J.C. (1985). Weapons of the Weak: Everyday Forms of Peasant Resistance. New Haven; London: Yale University Press.

Spicer, E. (1971). Persistent Cultural System: A Comparative Study of Identity Systems That Can Adapt to Contrasting Environments. Science, 174, 795-800.

Stephen, L. (1991). Culture as a Resource: Four Cases of Self-Managed Indigenous Craft Production in Latin America. Economic Development and Cultural Change, 40, 101-130.

Stephen, L. (1997). The Politics of Urban Survival. In L. Stephen (Ed.), The Unintended Consequences of Traditional Women's Organizing. (pp. 111-157).

Stutzman, R. (1981). El Mestizaje: An all Inclusive Ideology of Exclusion. In N. E. Whitten (Ed.), Cultural Transformations and Ethnicity in Modern Ecuador. (pp. 45-94). Urbana: University of Illinois Press.

Tejemujeres. (2001). Plan Estrategico 2001-2005. Retrieved July 15, 2002, from http://members.tripod.com/~websendas/tejemuje.html.

Tendler, J. (1989). What Ever Happened to Poverty Alleviation? World Development, 17(7), 1033-1044.

Teszler, R. (1993). Small-Scale Industry's Contribution to Economic Development. In I. S. A. Baud & G. A. de Bruijne (Eds.), Gender, Small-Scale Industry and Development Policy. (pp. 16-34). London: Intermediate Technology Publications.

Torre, C. (1999). Everyday Forms of Racism in Contemporary Ecuador: The Experiences. Ethnic and Racial Studies, 22(1), 92-112.

Torsvik, G. (2000). Social Capital and Economic Development: A Plea for the Mechanisms. Rationality & Society, 12(4), 451-477.

van Bastelaer, T. (2000). Imperfect Information, Social Capital and the Poor's Access to Credit. University of Maryland, College Park: Center for Institutional Reform and the Informal Sector.

Wagley, C. (1994). On the Concept of Social Rae in the Americas. In J. I. Dominguez (Ed.), Race and Ethnicity in Latin America: Essays on Mexico, Central and South America. (pp. 13-27). New York & London: Garland Publishing Inc.

White, S. (1999). Creating an Enabling Environment for Micro and Small Enterprise (MSE) Development in Thailand. Finnegan G. International Labor Organization.

Whitehead, M., & Diderichsen, F. (2001). Social Capital and Health: Tip-Toeing Through the Minefield of Evidence. Lancet, 358(9277), 165-166.

Women into the New Network for Entrepreneurial Reinforcement. (2002). Homepage. Retrieved July 20, 2002, from http://www.unifemeseasia.org/Projects/WINNER.htm

Woodall, P. (2000). Information Technology is an Opportunity for the Developing World. The Economist, 356(Sep), 34-39.

Woolcock, M. (2001). Microenterprise and Social Capital: A Framework for Theory, Research, and Policy. Journal of Socio-Economics, 30(2), 193-197.

World Bank. (1994). Enhancing Women's Participation in Economic Development; A World Bank Policy Paper. Washington, D.C.: World Bank.

Zhicay, Marina. (2000). Ecuador: Women Who Weave Dreams and Jackets. Retrieved September 16, 2002, from http://www.redmujeres.org/boling8.htm.